

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

Secretary of State Auditorium

1500 11th Street

Sacramento, California 95814

Tuesday, September 10, 2013

8:06 a.m.

BRITTANY FLORES

CERTIFIED SHORTHAND REPORTER

LICENSE NO. 13460

A P P E A R A N C E S

BOARD MEMBERS

Mr. Dan Richard, Chairman

Mr. Jim Hartnett, Vice-Chair

Mr. Tom Richards, Vice-Chair

Mr. Richard Frank

Mr. Patrick Henning

Ms. Katherine Perez-Estolano

Mr. Michael Rossi

Ms. Lynn Schenk

STAFF

Ms. Angie Reed, Interim Board Secretary

ALSO PRESENT

Mr. Jeff Morales, CEO

Mr. Thomas Fellenz, Esq., Legal Counsel

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1 SACRAMENTO, CALIFORNIA, September 10, 2013

2 8:06 a.m.

3 --o0o--

4  
5  
6 CHAIRMAN RICHARD: Good morning, everybody.  
7 We will open this meeting of the California High-Speed  
8 Rail Authority.

9 Could the secretary please call the roll.

10 MS. REED: Vice-Chair Richards.

11 MR. RICHARDS: Here.

12 MS. REED: Vice-Chair Hartnett.

13 MR. HARTNETT: Here.

14 MS. REED: Mr. Umberg.

15 Mr. Rossi.

16 MR. ROSSI: Yes, ma'am.

17 MS. REED: Ms. Schenk.

18 MS. SCHENK: Here.

19 MS. REED: Ms. Perez-Estolano.

20 MS. PEREZ-ESTOLANO: Here.

21 MS. REED: Mr. Henning.

22 MR. HENNING: Here.

23 MS. REED: Mr. Frank.

24 MR. FRANK: Here.

25 MS. REED: Chairman Richard.

1                   CHAIRMAN RICHARD: I'm here.

2                   We'll dispense with the Pledge of Allegiance  
3 until the public session starts.

4                   At this point, the High-Speed Rail Authority  
5 Board will enter into a closed session to discuss  
6 matters per the public agenda, and we will return for  
7 the public session at the appointed hour. Thank you.

8

9                   (Whereupon the Board entered into closed session.)

10

11                   CHAIRMAN RICHARD: Good morning, everybody.

12                   We'll now enter into the public session of the  
13 High-Speed Rail Authority Board meeting. We had a  
14 closed session earlier. We convened the meeting at 8:00  
15 o'clock, had a closed session so that some of our new  
16 members could come up to speed on some of the issues  
17 facing us. We did call the roll at that time, and what  
18 I'd like to do -- we did defer the Pledge of Allegiance  
19 at that point. So what I'd like to do is ask you all  
20 now to join me in the Pledge of Allegiance.

21

22                   (Pledge of Allegiance recited.)

23

24                   CHAIRMAN RICHARD: Thank you. Before we get  
25 started, we have been graced with the presence of a new

1 member of our board appointed by the Rules Committee of  
2 the Senate, and that is Richard Frank, Rick Frank, who  
3 has joined us. He is a professor at University of  
4 California, Davis, specializing in environmental law and  
5 policy, and although, he's been informally sworn in, if  
6 we have the Oath of Office somewhere -- I just realized  
7 that I was going to do this, and I may end up being  
8 Justice Roberts screwing up the oath.

9 Do we have that? I don't suppose anybody  
10 happened to bring that today? I didn't think it was  
11 until next time.

12 All right. We'll do that at some later date. It  
13 was a great idea but was not well executed.

14 MS. SCHENK: You should have it memorized by  
15 now.

16 CHAIRMAN RICHARD: Yeah, I know or the ones  
17 you have administered.

18 All right. So with that, let me just say that he  
19 has been sworn in.

20 And so, Rick, welcome to the board. I don't know  
21 if you'd like to make any introductory remarks at this  
22 point but please feel free.

23 MR. FRANK: Just that I'm delighted to be  
24 here and, obviously, a very talented board and I hope I  
25 don't bring down the collective talent level of this

1 board.

2 CHAIRMAN RICHARD: I think that most of us  
3 would think that's unlikely, but some in the audience  
4 might think it's isotonically close to zero at this  
5 point.

6 Well, thank you, and this means now, thanks to  
7 the efforts of Speaker last month and the Pro Tem in the  
8 Senate Rules Committee this month, we now have, for the  
9 first time in this year, that I have been here, a fully  
10 constituted Board of the California High-Speed Rail  
11 Authority, and so we're very happy about that.

12 We are going to proceed to public comment, but  
13 I'm just going to take a moment before we do. It's  
14 obviously a matter of public record that between our  
15 last board meeting and this one, a number of significant  
16 things have happened with respect to the high-speed rail  
17 program. We're going to talk about some of those today,  
18 but one of the that things did happen was that there was  
19 a decision by the Superior Court, Sacramento, the  
20 Honorable Judge Michael Kenny, that had some impacts on  
21 the high-speed rail program. It's been widely reported  
22 but not necessarily widely understood. So since I  
23 suspect some people here today are both interested in  
24 and wish to comment on that, I thought it might help us,  
25 before we open up for public comment, to just ask our



1 general counsel, Tom Fellenz, to take a moment and tee  
2 up for us your understanding of the ruling and its  
3 import, and then we can have further discussion later  
4 on.

5 So counsel, Mr. Fellenz.

6 MR. FELLEENZ: Yes. Thank you, Mr. Chairman.  
7 I'll just report that Judge Kenny found that there were  
8 a couple of deficiencies in the November 2011 business  
9 plan that -- funding plan that the High-Speed Rail  
10 Authority submitted to the legislature in November, and  
11 after they received that funding plan, the legislature  
12 subsequently appropriated Prop 1-A funds on numerous  
13 inputs, not just the funding plan but in our revised  
14 business plans. And the Judge confirmed that the  
15 legislature's authority to act in that regard and to  
16 appropriate those funds, and then finally, the Judge  
17 asked for supplemental briefing be filed. That first  
18 brief will be due this Monday by those on the other side  
19 of the case.

20 CHAIRMAN RICHARD: Okay. Let me just say we  
21 certainly take the Judge's opinion very seriously here,  
22 and we are proceeding in accordance with, with his  
23 limitations and instructions, and we'll have more to say  
24 about that at the appropriate time.

25 With that, we will turn now to public comment and

1 as we always -- as we always do, we're going to take  
2 public comment in the order in which it was received,  
3 but we do afford our, our elected officials and  
4 appointed officials some preference in that.

5 So I'm going to turn, first, to -- I think the  
6 senior elected official in the room, which is -- which  
7 is Council Member Steve Cohen from the Sacramento City  
8 Council.

9 Mr. Cohn, good morning.

10 MR. COHN: Thank you very much, Chair  
11 Richard, members of the board. Congratulations,  
12 Mr. Frank, on a well deserved appointment.

13 I'm here on behalf of the Mayor and Council of  
14 the City of Sacramento but also, to a larger extent, on  
15 behalf of the entire Sacramento regions to speak in  
16 support of the high-speed rail blended plan that has  
17 been approved by the legislature and the Governor, and  
18 I'm sure you'll be ably represented in court as  
19 litigations proceed.

20 But I wanted to speak from a policy standpoint  
21 why the blended plan makes a lot of sense and I think  
22 furthers the intent of voters when they passed Prop 1-A.  
23 From our standpoint point, representing a two and a half  
24 million population region, looking at the blended plan  
25 is a much more efficient and better way to serve our --

1 all of the state including population centers in  
2 Sacramento and San Diego that are part of phase two but  
3 weren't originally part of phase one in the original  
4 plan, yet under the blended plan, by integrating much  
5 better with existing corridors including -- in northern  
6 California, the capitol corridor and the ACE and the San  
7 Joaquin intercity passenger rail corridor, you actually  
8 bring a much more comprehensive system that will be much  
9 better utilized by the public and the ridership. So I  
10 think you're on the right track and urge you to keep  
11 moving forward. Thank you.

12 CHAIRMAN RICHARD: Thank you, council  
13 member. We appreciate that and appreciate the  
14 opportunity to work with City of Sacramento particularly  
15 on the developments here in -- and downtown station.

16 MR. COHN: You bet. We're definitely going  
17 to do our best to put as much smart growth development  
18 within walking distance of our rail station.

19 CHAIRMAN RICHARD: You guys might want to  
20 think about having some kind of arena in downtown.

21 MR. COHN: We're giving some thought to  
22 that.

23 CHAIRMAN RICHARD: Thank you very much.

24 Okay. Next, we are privileged to have our new  
25 Secretary of Transportation, Brian Kelly, who has just

1    been confirmed unanimously by the State Senate for that  
2    position as the first Transportation Secretary in the  
3    history of California.

4           Mr. Kelly, thank you.

5           MR. KELLY: Thank you, Mr. Chairman. Good  
6    morning, and good morning members of the Board. Thank  
7    you for the opportunity to be here this morning.

8           I thought I would take a few minutes this morning  
9    to address the Board and really sort of update you and  
10   the public and take this opportunity to update the  
11   public on recent changes that we have had in the  
12   governance of these transportation systems, which, of  
13   course, affects my agency and, certainly, as you just  
14   referenced, that's me, personally.

15          I wanted to just spend a few minutes talking  
16   about some of the goals and objectives that we have in  
17   the agency and the very important part that this project  
18   plays in meeting those goals and objectives. During the  
19   confirmation process in the State Senate, I was asked to  
20   describe in a word the goal that we have as far as the  
21   board's transportation policy in California. The word  
22   that I chose was "modernize." There are many parts of  
23   our system that needs modernization, and this includes  
24   the statutes that govern our transportation policy, the  
25   governance, itself, of our transportation policy, the

1 funding of our transportation policy, and really -- and  
2 very relevant to what you all do -- how we vest in  
3 transportational infrastructure of California.

4 The agency, itself, was created, again, effective  
5 July 1st, with the Governor's reorganizational plan  
6 number two. Effective July 1st, we became the State  
7 Transportation Agency. Before that, we were known as  
8 the Business Transportation Housing Agency, and under  
9 that construct, we had 12 departments that ranged  
10 everything from housing to business oversight,  
11 corporation, financial institutions. We even served on  
12 the Endangered Species Council. So we were a very  
13 broad, broad agency, and I think some criticism of that  
14 may have been that the agency lacked focus. That is the  
15 case no more. The State Transportation Agency as of  
16 July 1st had seven departments and commissions and  
17 boards within its jurisdiction, including the High-Speed  
18 Rail Authority. The California Transportation  
19 Commission, we continue to oversee the California  
20 Department of Transportation, the California Highway  
21 Patrol, Department of Motor Vehicles, Office of traffic  
22 Safety, and the Board of Highway Commissioners, which is  
23 a commission in the Bay Area that helps freighters  
24 coming in and out of the San Francisco Bay.

25 Under the new agency, we have described our goals

1 as helping guide State transportation policy through its  
2 current state of transition to a place where the State  
3 is well positioned, to meet not just our mobility and  
4 safety objectives but also our sustainability  
5 objectives, and I really think this is a new call and a  
6 new duty of transportation policy in California. For  
7 years and year, we built a transportation system that  
8 was focused heavily on mobility and safety improvements  
9 and increasingly through the passage of laws like AB 32  
10 and SB 375. We also have to meet important stewardship  
11 and sustainability objectives and I think this project,  
12 the high-speed rail project, is an important goal of  
13 that.

14 We're also working to stabilize the State's  
15 transportation funding system, reform the transportation  
16 departments to a place of greater emphasis on customer  
17 service and stewardship of the taxpayer dollars. In  
18 that bank, we have started a review, an external review,  
19 of the California Department of Transportation in order  
20 to sort of update, update and improve the functionality  
21 of that rather large department. We are partnering with  
22 our regional agencies to implement programs designed to  
23 improve air quality and curb greenhouse gas emissions,  
24 and a key objective in that is to integrate the  
25 high-speed rail project into the State's existing

1 transportation system including connectivity to and  
2 modernization of visual rail providers.

3 I just want to make a comment on that and how  
4 important I think this project is toward modernizing  
5 that system. Today, in California and really the case  
6 for the past thirty years, public transportation  
7 ridership has been fairly flat. Year over year, you see  
8 ridership improvements of about one percent, and that's  
9 been the case, again, over the course of the last thirty  
10 years. We need a game changers in order to move people  
11 more efficiently, to move people in a way where we're  
12 meeting those air quality objectives we have, and  
13 really, I think that is the place where this project is  
14 so important. We have rather sophisticated commuter  
15 rail or bus systems in the urban centers of California,  
16 both in the northern and southern part of the state, and  
17 what's missing is an efficient, fast, and clean  
18 interregional system to connect those two regions and  
19 that, to me, is the process of this project. It's  
20 offering a viable alternative of travel for folks  
21 between the urban centers in a way that's fast and  
22 clean, and as I said earlier, helps us meet, not only  
23 our mobility and safety benefits but, importantly, our  
24 sustainability.

25 I do want to commend you, Mr. Chairman, and the

1 board for the direction you have taken this project  
2 toward a more cooperative view and work with our local  
3 governments and Federal partners, and there has been no  
4 shortage of momentum that the Authority has received  
5 with your leadership. The Authority has strengthened  
6 its organization by bringing in talented employees and  
7 working with other State departments and agencies. The  
8 Authority completed the contract selection for the first  
9 construction segment with the winning bid saving  
10 taxpayers hundreds of millions of dollars. The  
11 Authority has resolved challenges to the project,  
12 including reaching an agreement with many cultural  
13 interests who deserve agricultural, land, and mitigating  
14 environmental impacts of the project. The Authority  
15 executed its first construction contract as a joint  
16 venture with Tutor Perini. Even former critics, like  
17 the State Auditor and the independent peer review group,  
18 have commented favorably to the progress of this  
19 project, and most recently, the Federal GAO found  
20 revised ridership and cost methodologies reasonable and  
21 sound.

22 That's important momentum for a very important  
23 project in California. I'm pleased for the opportunity  
24 to be here today. I just wanted to comment on how  
25 important I think this project is to what we're doing



1 going forward and the objectives of the Department of  
2 Transportation, and I commend you for your leadership in  
3 that regard. Thank you, Mr. Chairman.

4 CHAIRMAN RICHARD: Thank you very much,  
5 Secretary Kelly. We appreciate those remarks, and I  
6 know we said it at the time, when the Governor imposes  
7 reorganization plan number two, to reorganize  
8 transportation agencies, that we thought that that was a  
9 very wise approach, bringing high-speed rail under the  
10 umbrella of the State's Transportation Agency. So I  
11 know that Mr. Morales, our CEO, has forged very  
12 effective working relationships with sister agencies,  
13 with your secretaries -- secretariat level and we look  
14 forward to doing that and working with you.

15 For those who don't know, Secretary Kelly, he's  
16 widely viewed as a person who has the greatest grasp on  
17 California's myriad transportation programs, and we're  
18 all fortunate that the Governor appointed you and the  
19 legislature confirmed you. So we appreciate very much.

20 MR. KELLY: Thank you.

21 CHAIRMAN RICHARD: I will check, I don't see  
22 any other elected or appointed officials at this point,  
23 and so we'll go in order through the public comment  
24 list.

25 First will be Greg Dornbach from the Operating

1 Engineers Local 3 followed by Frank Olivera and then  
2 followed by Shelli Andranigan.

3 Thank you, Mr. Dornbach.

4 MR. DORNBACH: Thank you, Board, for letting  
5 us make this comment. We're Operating Engineers Local  
6 3, and we support many, many construction workers that  
7 would benefit by this project, and we just wanted to say  
8 we very much support this project.

9 CHAIRMAN RICHARD: Thank you, Mr. Dornbach.  
10 Appreciate it.

11 Mr. Olivera, Good morning.

12 MR. OLIVERA: Good morning. Frank Olivera,  
13 Citizens for California High-Speed Rail Accountability.  
14 I don't want to be kind of a doomsday-er, but every time  
15 I come here, I kind of end up being one. For 28 months,  
16 I have come with one consistent message, that stuff went  
17 wrong in -- on May 5th of 2001. Your staff fabricated a  
18 report, the alternative analysis report for Fresno to  
19 Bakersfield section. We requested that you repair that  
20 document, and where we are now today it's as if there  
21 never was. Bottom line is that report was fabricated.

22 Later, in January of 2012, we were treated to a  
23 station planning report, which was fabricated. We  
24 brought that to the Court's attention. If that  
25 misinformation is continually provided, the foundation

1 of this project will collapse. What's happened is in  
2 this legal case, again, it's more than a big problem.  
3 You guys didn't do a financial report, finance report,  
4 and that's where the problem was. You were required to  
5 do that. More than that, you were required to do the  
6 proper environmental work and get it done first. You  
7 didn't do that. This project will continue to fail,  
8 because it's built on a bad foundation.

9 CHAIRMAN RICHARD: Thank you, Mr. Olivera.

10 Ms. Andranigan. Good morning.

11 MS. ANDRANIGAN: Good morning, Mr. Richard.  
12 Welcome, Mr. Frank, and good morning, members of the  
13 board.

14 Good morning, everyone. My name is Shelli  
15 Andranigan. I am the granddaughter of Armenian  
16 immigrants, who came to America to escape persecution at  
17 the hands of the Turks. The Turkish people pillaged  
18 Armenia because of religion and the rich land in the  
19 region. Both of my parents' families lost relatives and  
20 property there. Their folks moved to Fresno County,  
21 because the land and climate reminded them of the old  
22 country. The Central Valley, once home to such noble  
23 Armenians became the new homeland. In the early 1930s  
24 my maternal grandfather was taken out of his modest home  
25 in the eastern district, which is in Fresno County, in

1 the middle of the night and forced to sign an agreement  
2 for his raisins. The local company's logo is of a  
3 bonneted brunette. Flash forward to 2013 and the  
4 immigrant family from Cambodia, who is being  
5 strong-armed to sell their small business in Fresno  
6 County at half the assessed value to make way for a  
7 high-speed train in California, a train that is already  
8 in violation of Proposition 1-A, as ruled by Sacramento  
9 County Superior Court Judge Michael P. Kenny several  
10 weeks ago.

11           There are other small businesses along with the  
12 churches, communities, dairies, farms, homes, and  
13 schools in the Central Valley that remain in the  
14 proposed path including individuals who have made  
15 California their new homeland over the years now being  
16 adversely affected. We are a nation of immigrants, and  
17 the grandchildren still feel the strong ties. They want  
18 to continue their businesses and livelihoods for future  
19 generations.

20           My paternal grandmother, who did not speak  
21 English, had to deal with a number of situations as a  
22 female business owner, who was also a young widow raising  
23 a farm family during the depression era. I personally  
24 know of a small business owner right now in Fresno  
25 County who has been targeted by the Authority because

1 she is not male.

2 I kindly ask each of you as Authority Board  
3 members, Chairman and CEO included, and everyone else  
4 affiliated with the California high-speed rail project  
5 to start treating all on the proposed pathway with  
6 respect. Please stop taking advantage of everyone,  
7 especially those whose first language is not English.  
8 It may have worked nearly a hundred years ago, but this  
9 is the 21st century. Bullying, lying to, and trying to  
10 cheat those in the proposed path of the California  
11 high-speed rail to make the largest flawed  
12 infrastructure project in the world happen at any cost  
13 confirms the desperation of those at every level who are  
14 involved. It's time to wipe the slate clean. You'll  
15 earn the respect of everyone, including yourself.

16 And for the record, I love trains. Thank you.

17 CHAIRMAN RICHARD: Thank you,  
18 Mr. Andranigan.

19 Robert Allen followed by Mat Schroeder

20 MR. ALLEN: I plead with you, again, to  
21 abandon the blended rail concept of having high-speed  
22 rail on Caltrain tracts. It is extremely dangerous, and  
23 it would be certainly not reliable. It's much better to  
24 go up the Mulford line that Amtrak uses from Santa Clara  
25 to Oakland and then on up to Sacramento. BART Trans Bay

1 Line crosses over the UP Amtrak Capital Corridor Line at  
2 the I-80 -- I-880 7th Street interchange. It's about  
3 half a mile of the west Oakland BART station. If you  
4 had an intermodal station where those cross and they --  
5 I show on the map I gave you for schematics -- you would  
6 be able to have a tremendous conductivity. I suggest  
7 you call this the San Francisco Bay Rail Hub. You would  
8 have direct connection between BART trains every --  
9 about every two or three or four minutes to San  
10 Francisco to twenty -- there's several dozen BART  
11 stations that would be connected directly to the  
12 high-speed rail station there.

13 I would suggest that you have that as an interim  
14 high-speed rail San Francisco station, make it the San  
15 Francisco Bay Rail Hub. If it's necessary to go over --  
16 to cross the Bay in order to fulfill the demands of the  
17 legislation, well, so be it but at least have an interim  
18 thing where BART crosses over the -- what could be a  
19 high-speed rail line but connected directly between San  
20 Jose, Santa Clara, and Sacramento. I have given a  
21 number of reasons that I have for that in this brochure  
22 I handed out. Thank you.

23 CHAIRMAN RICHARD: Thank you, Bob. I want  
24 you to know I did read this, and you and I can have a  
25 conversation about this at some point.

1           Mat Schroeder followed by John Tos.

2           MR. SCHROEDER: Mr. Chairman, appreciate  
3   having the opportunity to speak before you and the  
4   Committee members. My name is Mat Schroeder. I'm a  
5   fourth generation Californian, and my sons are the fifth  
6   generation. You know, I was raised by my grandfather  
7   and the stories of the depression and the things that  
8   occurred in the past prior to my existence. I have seen  
9   the changes in California through the years. You know,  
10   I'm in the construction industry myself as a heavy  
11   equipment operator. You know, when you look at the big  
12   picture and you talk to the people who own construction  
13   outfits in the California research board and the  
14   restrictions that are going to be coming upon us, there  
15   is no way that if we don't start thinking out of the box  
16   and start looking at the bigger picture, you know, we're  
17   running out of highway. We're running out of fuel.  
18   We're trying to teach people to go green and live the  
19   right lifestyle; do the right thing. And we have  
20   naysayers and people that don't think that this can get  
21   done. There's always going to be obstacles, but they  
22   have the right people in the right positions to look at  
23   the bigger picture to do what's right for the common  
24   good of the whole -- is more important than worrying  
25   about minor details about papers that aren't getting

1   shoveled, where the pennies are falling through the  
2   cracks. And it's not perfect, but we got to do  
3   something, and instead of wasting time to fight back and  
4   forth, we need to sit down and work together and move  
5   this forward. And I commend every one of you up there  
6   to take in all these considerations and to look at the  
7   bigger picture and do the right thing. Thank you.

8                   CHAIRMAN RICHARD: Thank you, Mr. Schroeder.  
9           John Tos followed by Ted Hart.

10                  MR. TOS: Good morning, one and all. I had  
11   no intention of coming here today, but I keep reading in  
12   the paper where Governor Brown and the Authority do not  
13   acknowledge the decision that was rendered by Judge  
14   Kenny. Let me read one sentence by the judge.

15                  Having exercised its independent judgment in this  
16   matter, as authorized by bid law, the Court concludes  
17   that the Authority abused its discretion by approving a  
18   funding plan that did not comply with the requirements  
19   of the law.

20                  I propose that all of you, when you go to work,  
21   which you are today, are breaking the law. It's exactly  
22   what you are doing, but I see a bigger problem here.  
23   For some reason, Governor Brown and you, Chairman, and  
24   the Board, think you're above the law. You think you're  
25   above the law, and Big Government is above the common



1 folk, like I am.

2 When I went to school, the judicial system was  
3 the ultimate authority, the courts and the judges, but  
4 evidently, not today. It reminds me of Hitler in the  
5 1930s when he set out to annihilate the Jews and take  
6 over the world. That's what you folks are doing to the  
7 San Joaquin Valley and where we are from.

8 MS. SCHENK: Now, I object --

9 MR. TOS: You're going to annihilate --

10 MS. SCHENK: -- completely as a daughter of  
11 a Holocaust survivor.

12 MR. TOS: You're going to destroy --

13 CHAIRMAN RICHARD: Excuse me, Mr. Tos. Mr.  
14 Tos, hold on a second. Hold on a second. Let me just  
15 say something, sir. I want to make sure we're very  
16 clear here. This is a time for public to come and speak  
17 to us. You have a right, as a citizen, to address this  
18 board. You have the right to challenge and criticize  
19 our actions, to make recommendations, and to tell us  
20 that our policies, our procedures, our decisions are  
21 wrong, and it is our job to listen, and it is not our  
22 job to, in any way, chill the public's right to speak to  
23 those issues. That does not extend to personal or ad  
24 hominem attacks, and I will just say to you, sir, that  
25 that last comment is inappropriate and unacceptable.

1 Anything else you want to say to us with respect to our  
2 policies, our decisions, and our actions, you're allowed  
3 to state, but I'm going to rule you out of order on any  
4 comments that are personal or ad hominem of the nature  
5 of what you just said. So please proceed, but I ask you  
6 to respect that.

7 MR. TOS: I accept that, and I apologize.

8 CHAIRMAN RICHARD: Okay.

9 MR. TOS: As far as remedies, on November  
10 the 8th, there will be a remedy hearing, and I would  
11 suggest that at that hearing, common sense prevails, and  
12 maybe we can learn from our past mistakes. I would hope  
13 that we could put this project back on a ballot, and let  
14 the people of California vote one more time now that we  
15 know what the actual project is going to consist of.

16 Back in 2008, we were to receive Federal money,  
17 State money, and private money. As I understand it,  
18 this -- the Federal money is going to dry up. There is  
19 no private money, and so the citizens of California are  
20 going to bear the brunt of this project.

21 The 2008 ballot, \$33 billion was mentioned. The  
22 Bay Bridge has just been completed. It went six times  
23 over. If that would happen here, we're looking at a  
24 \$200 billion project.

25 I propose the route would go on Interstate 5 not

1 through the heart of the valley. When we voted in 2008,  
2 we were promised it would go down an existing corridor.  
3 In our neck of the woods, it's not doing that. It's  
4 going willy-nilly through our countryside. It's  
5 destroying towns, farms, homes, businesses -- you name  
6 it, it's all being destroyed. Fruit orchards,  
7 vineyards, it's all being destroyed, and God has only  
8 made so much farmland, and we want to keep that. To me,  
9 I-5 would be the most logical place to go. The State  
10 already owns most of that land, and it can be a direct  
11 shot from San Francisco to LA and vice versa.

12 I would like to close with a short brief from our  
13 26th President, Teddy Roosevelt, and he wrote this in  
14 1909, and he was talking about our national forests at  
15 that time, but I want to equate it to our Central Valley  
16 at this time. A quote from Teddy Roosevelt:

17 Here is your country. Cherish these natural  
18 wonders. Cherish the natural resources. Cherish the  
19 history and romance as a sacred heritage for your  
20 children and your children's children. Do not let  
21 selfish man or greedy interest skin your country of its  
22 beauty, its riches, or its romance.

23 I think we need to keep our valley looking like  
24 it is.

25 CHAIRMAN RICHARD: Thank you, Mr. Tos.

1 Ted Heart followed by Robbyne Seward.

2 Good morning

3 MR. HART: I won't drift off into some of  
4 those comments.

5 I have past out to you the pamphlet for the  
6 general election from 2008. The purpose of doing that  
7 is that you have two new board members, and I'm not  
8 suggesting that you may not have seen those in 2008, but  
9 I'd like you to go back and revisit this. And the  
10 reason I want to revisit it is, is that there are some  
11 points in here that are very germane. And first off,  
12 what we're looking at right now, this whole Prop 1-A and  
13 the system is moving down two paths, moving down a legal  
14 path. We're also moving down a moral path, and what I  
15 would like to address is the moral path. The legal path  
16 will take care of itself. It will be sorted out, but if  
17 you bear with me, go back to 2008, you just received  
18 this, and you're looking at it. As you look at it, what  
19 you see is the arguments for, arguments against, and it  
20 mentions the \$9.95 billion in bond money. As you move  
21 through this, the question comes up, how much is this  
22 going to cost in total. As you move, keeping in mind  
23 this is all the voter had at that point in time, and as  
24 you move through it -- if you want to skip forward to  
25 page 5, you will see the only mention of a total cost of

1    this project, and that is, is the, the board, the  
2    Authority board, at that moment in time, and the number  
3    that was assigned to that was \$45 billion.

4           Now the issue here is, is that we now are looking  
5    at a cost, as everyone knows, it's a cost of \$68  
6    billion. The question is that when this came forward  
7    with the voter, he's expecting a \$45 billion project.  
8    Somewhere along the line, that got derailed into a \$68  
9    billion project. So what happens if you have got \$45  
10   billion here, and now you're told it's \$68 billion over  
11   there, and you'd been asked to vote on the \$45 billion  
12   project, and it's now turned into the 68 million.  
13   That's the classic bait and switch. You could call it  
14   anything else you might want to call it, but that's  
15   really what it boils down to.

16           As you look at the entire package, the question  
17   is, do you just accept the fact that it's \$68 billion?  
18   My question of all of you is, where did the \$68 billion  
19   come from? Where do you have the authorization to move  
20   forward on a \$68 billion project when all the vote was,  
21   was on a \$45 billion project? What you're starting with  
22   is \$23 billion over budget before you even put down the  
23   first spike. It's an interest position and so far --  
24   and I have attended all the board meetings, hearings, et  
25   cetera, for the past three years, but we never seem to

1 be able to get around it as busy as everybody is, and I  
2 know all you people are working hard at what you're  
3 trying to do, but we lose sight of the fact that where  
4 did the authorization come from? Just because Governor  
5 Brown decided that it dropped from 98 billion to 68  
6 billion, the 68 billion now is the given number? So I  
7 would ask, at some point in time, for some sort of  
8 clarification on this. Thank you

9 CHAIRMAN RICHARD: Thank you, Mr. Hart.

10 I hope I pronounce the first name correctly. Is  
11 it Robbyne? Ms. Seward, Thank you.

12 And followed by Emily Finkel.

13 MS. SEWARD: Good morning. I would like to  
14 thank the Board and all the people spearheading efforts  
15 to bring high-speed rail to California. We need to  
16 reduce gas emissions, relieve traffic fatalities, and  
17 reduce traffic congestion, and free up people to  
18 actually enjoy their travel over long distances in a way  
19 that will afford them time with their families, friends,  
20 and business associates while eating a slice of lemon  
21 merengue pie. Thank you for your perseverance and  
22 vision in developing a system to be proud of every step  
23 along the way. It is through small, diligent steps, a  
24 monumental task is completed.

25 I was the first person, let alone women, to pass

1 the professional ski instructors exam level one from  
2 Sugar Bowl in twenty-five years. I was at the first  
3 World Cup for snowboarding, and I want to be there when  
4 the first American high-speed railway comes to  
5 California. So when is it going to happen? China built  
6 theirs -- their high-speed rail in five years. I hope  
7 that more people come to realize that America needs  
8 high-speed rail, and it is not just a pipe dream.

9 Coming all the way from Yuba City and fighting  
10 commuter traffic, I am thankful that high-speed rail  
11 planned their meeting location to be close to light rail  
12 parking and good eats. It was breeze to get here, and  
13 once I got to the light rail station, I look forward to  
14 a great experience when I ride high-speed rail. Thank  
15 you.

16 CHAIRMAN RICHARD: Thank you. I'm tempted  
17 to ask, when you say you want to be here when it  
18 operates, how old you are, but I'm not going to ask that  
19 question. Thank you.

20 Ms. Finkel.

21 MS. FINKEL: So my name is Emily Finkel.  
22 I'm with the Bay Area Council. The council represents  
23 hundreds of the largest employers in the Bay Area.

24 First, we just want to congratulate the Authority  
25 for starting a Central Valley contract. The Bay Area

1 business community there recognizes the importance of  
2 this generational infrastructure investment, but we also  
3 recognize that when doing something as challenging as  
4 building a statewide high-speed rail system, there will  
5 be some bumps in the road. So we want to commend the  
6 Authority and Governor for remaining steadfast and  
7 committed to delivering this project. The Bay Area  
8 Council, the Bay Area business community are -- we're  
9 standing ready to offer our assistance as appropriate as  
10 the project goes forward. Thank you.

11 CHAIRMAN RICHARD: Thank you very much.

12 Next is Don Sepulveda followed by Andrew Wood  
13 followed by Kevin Dayton.

14 MR. SEPULVEDA: Good morning, Mr. Chair.  
15 Good morning, directors, and welcome, Mr. Frank,  
16 congratulations on your appointment.

17 it is an exciting time for high-speed rail.  
18 We're moving forward with a project that's long past  
19 due. I appreciate the leadership that your board is  
20 doing. It's standing up for what's right. We just saw  
21 a perfect example for standing up for what's right, and  
22 I think you guys are going above and beyond the cause in  
23 doing so.

24 The business plan, the 2012 business plan,  
25 identified advance investment in other parts of the



1 state rather than just the Central Valley with that  
2 significant move forward in bringing the benefits of  
3 high-speed rail to communities up and down the State of  
4 California, because that's what this is about. This is  
5 about benefits to communities up and down the State of  
6 California with the advance investment that we are going  
7 to be doing in southern California, as well as northern  
8 California, we're going to be providing benefits to  
9 communities. They're going to have short-term benefits  
10 on along existing high-speed rail corridors with the  
11 existing transportation systems as well as long-term  
12 benefits as providing advanced construction for  
13 infrastructure for high-speed rail.

14 The initial operating segment is going to reach  
15 the San Fernando Valley in 2022. In order for that to  
16 happen, we need to work together to advance these  
17 projects aggressively. We appreciate the partnership  
18 that we have with the High-Speed Rail Authority and your  
19 staff. Your staff has been a tremendous benefit in  
20 moving projects forward. We have projects moving  
21 forward in Los Angeles counties that will directly  
22 benefit high-speed rail and these are the first work  
23 that's going to be done in Los Angeles County for  
24 high-speed rail. And as we move forward in making this  
25 project real, we look forward to working with you as

1 partners in bringing this great project and, again,  
2 standing up for what's right for southern California.  
3 Appreciate the time talking with you. Have a great day.

4 CHAIRMAN RICHARD: Thank you very much.

5 Andrew Wood followed by Kevin Dayton.

6 MR. WOOD: Good morning. Thank you,  
7 Chairman Richard, members of the Board, and CEO, Jeff  
8 Morales. I'm Andrew Wood. I'm the chief of Next  
9 Generation Integration for Amtrak's northeast corridor  
10 infrastructure group, and I'm here today to thank the  
11 Authority for the support and continued partnership with  
12 us at Amtrak. Particularly, I'm here to urge you to  
13 support Item Number 7 on your agenda today regarding the  
14 purchase of the trainsets.

15 As you are aware, on the 17th of January this  
16 year, Amtrak and the Authority officially partnered for  
17 the advance of high-speed trains in the US, and  
18 together, we asked for a Request for Information, an  
19 RFI, where we joined forces to identify trainsets,  
20 conserve both Amtrak in the northeast corridor and the  
21 Authority's high-speed rail. We think that this makes a  
22 lot of sense economically. We share in most of  
23 procurement, and we will benefit from the economies of  
24 scale by us joining forces and working together as we  
25 move forward. We're pleased to say there was a

1 considerable amount of interest from industry, and a  
2 manufacturer of trains in the county will allow for us  
3 to create jobs, high-paid jobs, in the high-speed rail  
4 industry and bring manufacturing facilities here to us  
5 in the US. I'm very keen to see Amtrak and the  
6 Authority, both, investing heavily in high-speed rail;  
7 Amtrak in the northeast corridor and you, here.

8 For more than a 150 years, rail really has been  
9 the backbone of the county, and we have seen that  
10 high-speed rail, which has proved its value in economic  
11 around the world, come here and that Amtrak and  
12 California, together, can support this request for  
13 proposal for the new trainsets as we jointly strive  
14 forward together. Thank you.

15 CHAIRMAN RICHARD: Thank you, Mr. Wood. We  
16 certainly appreciate you trekking up from Philadelphia  
17 for that, and we were very excited when our CEO and  
18 Board signed that agreement, but unfortunately, I do  
19 have to say my wife is somewhat concerned with your Next  
20 Gen plans, taking the train inland from Connecticut.  
21 She visits her parents, and she wants to talk to you  
22 about that, but we'll save that for a later date.

23 Mr. Dayton, good morning.

24 MR. DAYTON: Good morning. Kevin Dayton,  
25 president and CEO of Labor Solutions based in Roseville,

1 and I was at the Kings Arena press conference last week  
2 with Councilman Cohn, and I was reminded of high-speed  
3 rail at the time, because what is happening with the  
4 Kings Arena is -- a deal was made behind the scenes,  
5 project labor agreement was put in place, where all  
6 contractors have to sign an agreement with unions and  
7 get their workers from the unions and pay fringe  
8 benefits to the union trust funds as a condition of  
9 working on the project. We have the same thing, of  
10 course, going on here. What's frustrating for me is  
11 I've been fighting project labor agreements in  
12 California since 1997, and union officials, I think, are  
13 getting a good laugh, because now they have figured out  
14 a way to get these put in place without having to bring  
15 the project labor proposal up for a public vote, and we  
16 have seen the same thing with the Kings Arena, with the  
17 High-Speed Rail, with the San Diego Convention Center,  
18 where a lawsuit was filed in order to get the insider  
19 deal that was made between the mayor of the unions, and  
20 also with Judicial Council's Administrative Office of  
21 the Courts, San Diego County Court House. Four big  
22 infrastructure projects where a project labor agreement  
23 was done behind the scenes with no public input.

24 Now, I'll give credit to the High-Speed Rail  
25 Authority. You did put your project labor agreement up

1 on the website, which is excellent, because I'm sure  
2 that there will have to be a lawsuit against the City of  
3 Sacramento to get the Kings one. But I ask you, again,  
4 if this project labor agreements is so great, and it's  
5 repeated, promoted by the news media, especially in  
6 Fresno, why didn't it ever come up for a vote? Why  
7 can't there be a discussion about it, deliberation, so  
8 that pros and cons are presented to all the people and  
9 you can make an informed decision? Too many behind the  
10 scenes deals going on.

11 So I ask you, at some point, please put this on  
12 the agenda. Let us talk about it. I mean, if it's so  
13 good, let's talk about the pros and cons.

14 I have a second, more mundane item. I don't know  
15 if it affects high-speed rail support or opposition in  
16 any way. I think it's a policy of significance actually  
17 for the entire country. You have a resolution up today.  
18 We're going to have a \$160 million contingency, and it  
19 was originally \$140 when it was put in the capital cost  
20 assessment, but it's apparently been increased to \$20  
21 million because there's a Buy America provision that the  
22 Feds have now put on as a regulation. And this is  
23 interesting to me, because I was thinking, if the  
24 high-speed rail is increasing this \$20 million because  
25 of a Buy America, what is it that the utilities we're

1 going to buy from a foreign county when they're now  
2 going to buy from the United States at a cost of \$20  
3 million more? It seems to me, when these things come up  
4 for a vote in Congress or anywhere, everybody loves Buy  
5 America, and this is a chance to say, "Yes. We like Buy  
6 America, but this is what it's going to cost us," and  
7 here is a specific example for those utility  
8 relocations. They were going to buy this from China and  
9 now they're buying it from the United States. So when  
10 you get to that, I hope your staff will be open and say,  
11 "Here are the things that were going to be bought from  
12 China that are now coming from America, and it's going  
13 to cost \$20 million more." I think it would be good for  
14 the people to hear that. Thank you.

15 CHAIRMAN RICHARD: Thank you, Mr. Dayton.

16 Next is Steve Laird followed by Rebecca Long.

17 Mr. Laird. Okay.

18 MR. LAIRD: Good morning and thank you for  
19 the chance to speak, Mr. Chairman, and the Board. I  
20 represent 30,000 members of the Operating Engineers  
21 union, and we support this project. California voted on  
22 this project, and we all said, "yes." Let's get  
23 building on it. Thank you.

24 CHAIRMAN RICHARD: Thank you, Mr. Laird.

25 Ms. Long followed by Thea Shelby.

1                   MS. LONG: Good morning, Chair Richard,  
2 members of the Board. My name is Rebecca Long. I'm a  
3 legislative analyst with the Metropolitan Transportation  
4 Commission, the nine-county San Francisco, Bay Area  
5 metropolitan planning organization, and I'm just here to  
6 say, to support your decision to proceed with  
7 construction of the initial operating segment and also  
8 the local transit connectivity project. I think you're  
9 all well aware that you have been authorized by the  
10 voter and by the legislature with an updated business  
11 plan to move forward. In public works projects, in  
12 particular, time is money. Bay Bridge was mentioned  
13 earlier. I think that's a perfect illustration that the  
14 more we dotal, despite concerns of the public, the more  
15 the project costs will go up.

16                   So we support you moving forward. The MTC is a  
17 strong supporter of high-speed rail statewide, and we're  
18 also very much counting on Prop 1-A funds to deliver  
19 Caltrain electrification, which as you know, is a  
20 prerequisite to the blended system on the peninsula as  
21 well as improving service of Caltrain, itself, which is  
22 enjoying dramatic increases in ridership actually, an 11  
23 percent increase in the past year. So we want you to  
24 move forward, keep the project on track, and we thank  
25 you for the opportunity to be here today

1                   CHAIRMAN RICHARD: Thank you, Ms. Long, and  
2 please convey to Mr. Hemming and his colleagues our  
3 congratulations on the opening of the new piece and Bay  
4 Bridge.

5                   Thea Shelby followed by Alan Scott.

6                   MS. SHELBY: Good morning. Thank you all  
7 for allowing us to be here. My name is Thea Shelby, and  
8 I'm with Californians for High-Speed Rail, and I wanted  
9 to stand up today and urge you to move forward with the  
10 groundbreaking. We're very excited and have many people  
11 excited in both the Bay Area and Los Angeles about  
12 taking trains up to Fresno and being there for the  
13 groundbreaking. We would pledge our support to rally  
14 the troops, and we really feel like we need this  
15 momentum, and this is a great way to do it.

16                  We also encourage the Authority to strongly  
17 consider incorporating with other available financing  
18 tools to future funding plans. We think this may be the  
19 key to project acceleration, and we want this to be as  
20 quickly as possible. Thank you.

21                  CHAIRMAN RICHARD: Thank you, Ms. Shelby,  
22 and I apologize. I think I mispronounced your name.

23                  Mr. Scott, good morning followed by Mike Robson.

24                  MR. SCOTT: Good morning. My name is Alan  
25 Scott. I'm a founding member for Citizens for



1 California High-Speed Rail Accountability. Kings County  
2 is at the heart of the agriculture business.

3 I was at a meeting back in august with a word of  
4 law, and the speaker before me brought up the 2008  
5 proposition, and the speakers before me have said,  
6 "please continue to get more funding" or words of those  
7 effects. I grew up in Massachusetts. I grew up in the  
8 heart of the America revolution. I grew up where Paul  
9 Revere rode. I grew up where Bunker Hill was a massacre  
10 at one time. I grew up around Salem, much of it  
11 conquered for the patriots. The school I went to, our  
12 mascot was the colonials.

13 Back in August 16th, Judge Kenny, the Honorable  
14 Judge Kenny made a ruling, and within minutes, there was  
15 a statement by you, Mr. Chairman, and shortly after, by  
16 Mr. Morales, CEO and then a few days later, by the  
17 Governor. And I remembered -- I started reflecting back  
18 on my history, because I had a very good history  
19 teacher, and I lived in the history and I embraced it  
20 and I loved it. And we are a constitutional republic,  
21 and we follow and obey laws. The individuals who made  
22 comments clearly contempt-ed the ruling -- demonstrated  
23 contempt for the judge's ruling.

24 Now, you may not have meant that, but the  
25 perception, the perception of the people, because I talk

1 to people across this state, because I have a great  
2 network right now, and the perception is, how the heck  
3 -- and one of the speakers before us said something to  
4 that -- two of them said something -- and I find it  
5 repugnant that we just sit there and we can say, "Okay.  
6 The Judge spoke, but we're going to speak above the  
7 Judge."

8           Now, I understand the policy behind that, but it  
9 really bothers me that that happened, and now we have  
10 this blended system. We have got, Mr. Hart showed you,  
11 gave you the proposition, people have come up here and  
12 said more funding and so on and so forth. Well, I agree  
13 with Mr. Hart. Build it at \$44 billion, not 107, not  
14 98, not 68. It said 44. It hasn't gone back to the  
15 voters. It needs to go back to the voters. We are  
16 working on a system that is exactly flawed, and I really  
17 believe with the blended system, you should now change  
18 the name of this system to the California Alternative  
19 Amtrak Train Project, because you're not going to be  
20 able to get the speeds up, you're not going to be able  
21 to get the two hours and forty minutes by Prop 1-A, and  
22 right now if you look at your map and you draw -- you  
23 have the squiggles and the curves and everything else,  
24 you just can't do it. And I think it needs to go back  
25 to the voters right now.

1           And I'll close with this. Three of the engineers  
2 from the Authority showed up in Layton three weeks ago,  
3 four weeks ago, and they had maps. They pulled the maps  
4 out of this residence. Engineer says, "This isn't  
5 right. It's not the same map that I have in my office.  
6 This is the map they have." So the bottom line is what  
7 they didn't know is there was three rivers instead of  
8 two, that crossing the river had to change now, and they  
9 had to go higher on the viaduct, and it was kind of a  
10 rail cluster. It was embarrassing to the people they  
11 were talking to because they expected some continuity  
12 and some facts, and what they got was, "We have to go  
13 back."

14           So I heard already that we have some issues with  
15 transparency and so on and so forth, but it's really bad  
16 when you have engineers show up at a property and the  
17 maps don't even match what's going on, and it is totally  
18 erroneous. What they tried to talk about, they couldn't  
19 talk about it. They couldn't finish the process. So,  
20 basically, the homeowner wasted some time.

21           Thank you very much for your time.

22           CHAIRMAN RICHARD: Thank you, Mr. Scott. I  
23 can see that the CEO is making notes, so, obviously,  
24 we're going to look into that.

25           Mike Robson followed by David Schwegel.

1                   MR. ROBSON: Good morning. Mike Robson.  
2   I'm here on behalf of the Joint Powers Board as you know  
3   as Caltrain. The Board asked me to come today to share  
4   news about their system and to let you know that thanks  
5   to the high-speed rail project and cooperation of your  
6   Board, there's a lot happening on the peninsula. Last  
7   week, Caltrain began installing the advanced signal  
8   system that makes their system one of the first in the  
9   country to meet the deadline for federally mandated  
10   safety. Early next year, Caltrain is going to draft EIR  
11   for electrification on the peninsula corridor, which  
12   will accommodate cleaner, faster, more efficient trains,  
13   more frequent service, and for their passengers,  
14   improvements on their system.

15               Caltrain has record ridership, and without  
16   modernization of their system, they would not be able to  
17   meet the demands of their passengers and wanted to just  
18   basically remind you and your stakeholders that none of  
19   this would be possible without cooperation of the  
20   Authority Board, your staff, and the appropriation from  
21   Prop 1-A in the 2012 budget act.

22               And next year, Caltrain is going to be  
23   celebrating their 150 anniversary of service on the  
24   peninsula. It's a time to celebrate their past, but  
25   it's also a time to look forward to their future, and

1 with the help of the High-Speed Rail Authority and the  
2 high-speed rail project, they have a bright future.  
3 Thank you.

4 CHAIRMAN RICHARD: Thank you very much.

5 Mr. Schwegel followed by Kurt Evans.

6 MR. SCHWEGEL: Follow leaders, David  
7 Schwegel here to encourage moving forward full speed  
8 ahead, leveraging the Prop 1-A noncompliance ruling and  
9 the AB 32 2012 deadline to get this entire project up  
10 and running immediately as soon as humanly possible so  
11 that Americans will fall in love with this new form of  
12 transportation, and the later projects will be  
13 accelerated nationwide.

14 Remind the pursestring holders who are skeptical  
15 of the remaining \$60 billion balance that, this year  
16 alone, China will invest \$85 billion in high-speed rail  
17 alone. During that same year time frame, Americans will  
18 be wasting \$120 billion in roadway congestion, \$250  
19 billion in roadway collisions, and \$90 billion in  
20 deficient and deteriorating transit systems.

21 Now, while we may not be fully up and running by  
22 November 5th, the US HSR Association Conference, I  
23 encourage all of us to go to Los Angeles anyway for that  
24 conference at metro headquarters and engage in  
25 meaningful dialog on hot topics, particularly, the \$10

1 billion Bakersfield to Palmdale project of the century,  
2 as once we get over that hurdle, we, essentially, are  
3 there with the initial operating section in the south.

4 I am pleased to see, on these postcards, some  
5 familiar faces, so thank you in advance for your  
6 commitment.

7 Finally, let's put the peddle to the metal right  
8 now and give Americans the balanced state-of-the-art  
9 transportation systems they deserve. Thank you.

10 CHAIRMAN RICHARD: Thank you, Mr. Schwegel.

11 Kurt Evans followed by Marvin Dean.

12 Good morning, sir.

13 MR. EVANS: Good morning, Mr. Chairman and  
14 members of the High-Speed Rail Authority, Board of  
15 Directors. My name is Kurt Evans, and I'm with the  
16 Santa Clara Valley Transportation Authority, or VTA for  
17 short. Thank you for the opportunity to appear before  
18 you this morning and make a few comments.

19 VTA continues to support the high-speed rail  
20 project. We recognize the many benefits that this  
21 project will bring to the communities of California.  
22 VTA is also well aware of -- that a project of this  
23 magnitude presents its share of challenges. We remain  
24 confident that you will successfully meet these  
25 challenges and achieve the goal of brining high-speed

1 rail to our state.

2 VTA stands ready to work with you and others in  
3 the Bay Area on the early incremental investments that  
4 have been identified in your business plan for the  
5 peninsula corridor. As you know, that these investments  
6 will modernize and electrify the peninsula corridor  
7 providing immediate benefits to the Caltrain commuter  
8 rail service, in which VTA is a partner along with San  
9 Francisco Muni. At the same time, these investments are  
10 necessary to repair the corridor for blended Caltrain  
11 and high-speed rail operations in the future for the Bay  
12 Area.

13 In closing, VTA encourages you to stay the  
14 course, to continue moving forward with the strategy  
15 articulated in your business plan. Thank you.

16 CHAIRMAN RICHARD: Thank you very much.

17 Marvin Dean followed by Keith Dunn.

18 Did you take the Amtrak up to Bakersfield this  
19 morning, Mr. Dean?

20 MR. DEAN: Not this time.

21 CHAIRMAN RICHARD: You drove. We need to do  
22 something to get better transportation.

23 MR. DEAN: I need to get here on time.

24 I want to, first of all, thank the -- welcome the  
25 new board member, because I see you have a full board

1 now, and your colleagues before you and also your staff  
2 has been very supportive of small business, and we're  
3 hoping you guys continue to do that.

4 I'm here to say that, we continue -- the  
5 organization -- I am from Visalia -- but the Kern County  
6 Minority Contractors Association, we represent small  
7 business that are in the Central Valley. We're based in  
8 Bakersfield, but we're looking at the entire valley from  
9 Merced to Bakersfield, and also now we're going to be  
10 talking about a conference that I'm going to invite you  
11 guys to in January that we're going to be looking at the  
12 entire operating system that will be from Palmdale -- I  
13 mean, from Bakersfield, Palmdale -- but we're always  
14 going to be looking from Palmdale to -- what's that --  
15 San Fernando Valley and then also going north up to --  
16 up to Merced.

17 So we support the project very strongly, and we  
18 would ask you to continue to go forward with this  
19 project even though there's concerns. But I have to  
20 say, and don't shoot the messenger, but there's concern  
21 that there needs to be more effort to make sure that  
22 more diversity on the project in terms of who's getting  
23 these contracts, because a lot of the smaller firms of  
24 African-Americans are not included on these teams. And  
25 I believe that this is not a criticism, and I know it's



1 not something that this Board is opposed to, but I think  
2 it just needs to be said and put out there, because we  
3 all want to participate on this project, and we strongly  
4 support this project.

5           There's a conference I spoke on. I'm going to --  
6 I'm going to leave some handouts with your staff, and I  
7 see Secretary Kelly was here earlier, and he has  
8 indicated that he will attend to be one of our speakers  
9 at the event, January the 10th unless there's a State of  
10 the Union, Governor's State of the Union, because they  
11 haven't picked a date yet. So if there's no conflict,  
12 he intends to be there. And so what we're doing is with  
13 this year theme, this is our seventh year that we're  
14 doing this conference, and as many public contracting  
15 conferences that we hold in the Central Valley that get  
16 small businesses ready for these public sector  
17 contracts, high-speed rail is one, Caltrain, and other  
18 things that, basically, a lot of these small businesses  
19 are not knowing how to access these public contracts.  
20 They do a lot of private sector work. So these forums  
21 are trying to bring all the players together so that we  
22 can get everybody to really connect to these prime  
23 contracts working for the subs. And I'm going to leave  
24 that, and we're asking -- and I have letters that I'll  
25 leave later -- we're going to be asking the CEO, Jeff

1    Morales, and also our Chairman of the Board to attend,  
2    because last year we invited you all, but you had a  
3    conflict, so we're hoping maybe this year you'll be able  
4    to come.

5            So I just wanted to come and say we continue to  
6    support the project. We're going to do everything we  
7    can to build more support on the ground in the Central  
8    Valley and that the project is proceeding now, and we  
9    just ask that there be an effort to make sure that  
10   there's fully diversity on this project and continue the  
11   good work and keep full steam ahead.

12            CHAIRMAN RICHARD: Thank you, Mr. Dean.

13   Keith Dunn followed by Bob Carrion.

14            MR. DUNN: Thank you, Mr. Chairman.  
15   Welcome, to the new board members. Keith Dunn on behalf  
16   of the Association for California High-Speed Train. I  
17   wanted to just call a highlight to some of the comments  
18   made earlier. I think it's an opportunity to support I  
19   want to take further advantage of, and there was a  
20   mention of pie on the trains. I have attended many of  
21   these meetings, and I think it's the first time I've  
22   heard mention of pie on the train. I think that's a  
23   great selling point, as someone who appreciates pie and  
24   was not aware of that policy. So I just would encourage  
25   you to take those comments to heart. I think there's --

1           CHAIRMAN RICHARD: You don't realize, this  
2 is our secrete plan to finance.

3           MR. DUNN: As a pie enthusiast, I will be  
4 contributing to that effort.

5           On a more serious note, I do want to thank you,  
6 Mr. Chairman and Board, for your leadership, reaching  
7 out to the Valley. Important efforts are always  
8 difficult. I think you can see by the comments today  
9 that they remain difficult, but I know that you're doing  
10 the work. Showing up, I have seen and been at the  
11 hearings, most of the hearings, to know that you are  
12 taking the comments and trying to address the needs of  
13 these communities that have been in the valley for a  
14 century.

15           The Association for California High-Speed Trains  
16 is greatly appreciated of your outreach and the efforts  
17 to go and build this project. It's not often said, but  
18 the Central Valley is one of the densest population  
19 centers in the nation. It's continuing to grow, so  
20 doing nothing is not an option, and freeways and roads  
21 would actually impact the farmland even greater. So  
22 this is a great option to meet the capacity while  
23 reducing greenhouse gas emissions, and the Secretary  
24 Kelly mentioned, we're a modernization of California's  
25 system, and this is going to be a -- certainly, a

1     flagship project for the modernization of our  
2     transportation system here in California.

3             So I appreciate your efforts and continue to  
4     support the project. Thank you.

5             CHAIRMAN RICHARD: Thank you, Mr. Dunn.

6             Bob Carrion followed by Stacey Mortensen.

7             MR. CARRION: Mr. Chairman and members of  
8     the Board, thank you for this time. We appreciate it.  
9     Mr. Frank, congratulations. Bob Carrion, district  
10    representative for the Operating Engineers here in  
11    Sacramento. We represent thousands of working men and  
12    women in construction and provide professional skilled  
13    operators to many projects throughout the State of  
14    California. I just wanted to basically say that we  
15    wish -- we commend you for your efforts and everything  
16    that you guys are doing for this project. We want to  
17    wish that -- the majority of these -- we want to let you  
18    know that the majority, if not all, of Operating  
19    Engineers in the Bay, working men and women in  
20    construction, wish to work on this project, but we also  
21    wish to ride the system.

22             Please keep your vision and your goals by moving  
23     forward on this project, and thank you very much for  
24     your time.

25             CHAIRMAN RICHARD: Thank you, sir.

1           Stacey Mortensen, welcome, followed by Michael  
2   Quigley.

3           MS. MORTENSEN: Thank you. Good morning.  
4   First of all, I'd like to thank you all for receiving  
5   all of the public comment. It takes much energy and  
6   efforts as it will your deliberations and actions on  
7   later items. I also hope you take both the positive,  
8   which probably feels good, and the critical, which  
9   probably doesn't feel good but will be necessary for  
10  making your program stronger as you go forward.

11          I, too, was critical of the 2011 funding plan.  
12  However, the 2012 business plan was modified based on  
13  public comment, various stakeholder comment, and it made  
14  significant improvements in terms of realizing how you  
15  have to connect the existing transit environment,  
16  acknowledgment for more local collaboration with local  
17  jurisdiction and community groups, and a reasonable  
18  phasing of the segments. There's still a ways to go in  
19  each of those areas, but in every iteration of your  
20  planning and programing document, there is improvements,  
21  and I think that bodes well. The legislature and the  
22  peer review group, which I am a member, regularly  
23  scrutinize your work product, but we both believe the  
24  2012 business plan was improved enough to take the next  
25  phase of implementation. However, a commitment on your

1 part to continual refinement, continual reception of  
2 public comment is critical.

3           On a more local note, the Central Valley was very  
4 concerned about the suggested relocation of the San  
5 Joaquin that was included in the 2012 business plan.  
6 While this was a very easy solution to respond to the  
7 Federal pressure for independent utility, it did not  
8 reflect the necessary local collaboration and the  
9 recognition of the great success with the San Joaquin  
10 already, which I'm sure Secretary Kelly would tell you,  
11 we're trying to protect and preserve what we have, but  
12 in the new vein of cooperation, Director Richard, CEO  
13 Morales, your regional directors, Ben and Diana, made a  
14 commitment with the new San Joaquin and Caltrans to  
15 transparently explore solutions and how the evolution of  
16 the San Joaquin and the high-speed rail program will  
17 evolve together. Progress such as this will be -- will  
18 continue to generate overall support and move to the  
19 next critical phase of implementation. So I thank you  
20 for both listening to the critical information and the  
21 support.

22           CHAIRMAN RICHARD: Thank you, MS. Mortensen.

23           Michael Quigley followed by Tim Schott.

24           MR. QUIGLEY: Good Morning, members of the  
25 Board. My name is Michael Quigley, and I'm a director

1 of government affairs with the California Alliance for  
2 Jobs. We represent union contractor associations as  
3 well as union construction in the basic crafts of  
4 operating engineers, carpenters, and laborers, and one  
5 of the points I'd like to make today is to remind not  
6 only this body but the audience why voters passed this  
7 project in 2008. They passed this project because of  
8 the underlying transportation conditions, namely, the  
9 car travel in California interstates is increasing at  
10 five times the capacity than -- greater than capacity.  
11 To add the same capacity as high-speed rail, we would  
12 have to build 23 hundred new freeway miles, 115 new  
13 airport gates, four new airport runways, all of which  
14 would end up costing billions more than the high-speed  
15 rail project.

16         These underlying conditions are still applying to  
17 California. We're still going to see tremendous  
18 population growth, and high-speed rail is one of the  
19 best ways we can meet the future transportation needs of  
20 our state. None of that has changed. That said,  
21 delivering major infrastructure projects like this are  
22 extremely difficult. They're huge logistical challenges  
23 involving tens of thousands of people, billions of  
24 dollars, and multiple layers of bureaucracy. One of the  
25 elements of high-speed rail that we have seen that is

1 different than perhaps some of the previous major  
2 infrastructure projects is that during the design and  
3 engineering phase, we have actually seen the price of  
4 the project go down rather than go up. Oftentimes, we  
5 look at the Bay Bridge over this 10 years of designing  
6 and engineering. We had a lot of ballooning of the  
7 scope and the price. Here, we have seen this body, I  
8 think very effectively, reign that in and provide us  
9 with a project here that we're just about to break  
10 ground on that has actually less cost than it would in  
11 what the original business plan provided for.

12 That said, when you move to the construction  
13 phase, dollars become real, and oftentimes, you'll find  
14 that in the construction activity, your estimates become  
15 very accurate. On the Bay Bridge, for instance, the  
16 final construction awarded contract and the final  
17 price -- was it within five percent. I think that as we  
18 are just on the cusp of breaking ground on this project,  
19 we can continue to see the sort of value engineering  
20 elements that come out of construction related activity  
21 as well as the realization of the economic benefits that  
22 we have talked about in this hypothetical. We are just  
23 on the cusp and continue to support this project and  
24 urge this body to double down and do the hard thing and  
25 continue to move this thing forward, and let's break



1 ground. Thank you.

2 CHAIRMAN RICHARD: Thank you, Mr. Quigley.

3 Tim Schott followed by John Rector.

4 MR. SHAW: Mr. Chairman and members, thank  
5 you very much for the opportunity to present. I'm here  
6 today on behalf of the San Francisco Bay Area Rapid  
7 Transit, and the Board asked me to come and simply  
8 reiterate our support for the efforts to establish  
9 high-speed rail system as part of an overall transit and  
10 transportation system. With our state bar ahead of  
11 others and planing of high-speed rail, our Board of  
12 Directors has consistently prioritized the goal of  
13 supporting Federal funds to accommodate the development  
14 and to fulfill the goals established by Proposition 1-A.  
15 BART, our regional partners in the Bay Area have a true  
16 partnership with the High-Speed Rail Authority, and with  
17 the Governor's blueprint to enhance the connectivity of  
18 our system, legislation like SB 1029 has only reaffirmed  
19 the importance of having high-speed rail, and the future  
20 with the local transit systems investments made will  
21 work flawlessly to connect the systems, in addition to  
22 BART contributing \$38 million of Proposition 1-A funds  
23 to help with the electrification of Caltrain, move that  
24 blended plan forward. The BART connectivity funding has  
25 also met, one, helping with the critical preplacement of

1    our two supporting efforts to update operations of our  
2    control systems so we could increase rider capacity and,  
3    three, helping us partner with VTA to build a new  
4    maintenance facility in Hayward that will be a critical  
5    to component to the connection of high-speed rail by way  
6    of our San Jose extension now under construction.

7            BART is proud to be a stakeholder of the  
8    Governor's high-speed rail effort, and I suggest that  
9    the Governor's supporter of the BART system. Thank you  
10   very much.

11            CHAIRMAN RICHARD: Thank you, Mr. Schott.

12            John Rector followed by LeeAnn Eager.

13            MR. RECTOR: Hi, good morning. Thank you  
14   all for giving us the opportunity to speak here. I  
15   think I'm the last operating engineer person to speak  
16   today hopefully. It's obvious we represent a lot of  
17   workers, and we really appreciate the board and the CEO  
18   and the whole high-speed rail staff for doing what they  
19   have done to get us to this point today. I know that  
20   that first phase has been bid and awarded, and we look  
21   forward to being able to provide the skilled workers to  
22   get this job done and to help fix some of our congestion  
23   problems on the highways. I just want to thank you all  
24   once again for your vision. Keep this thing moving  
25   forward. Thank you.

1 CHAIRMAN RICHARD: Thank you.

2 Ms. LeeAnn Eager followed by Diana LaCome.

3 MS. EAGER: Good morning, Chairman. I was  
4 going to welcome Mr. Frank and --

5 CHAIRMAN RICHARD: We'll tell him you did.

6 MS. EAGER: I'm a UC Davis law school  
7 alumni. They taught me well at UC Davis. One of the  
8 things they taught me at law school was to question  
9 everything and to do my own analysis, and if you don't  
10 believe that, you can just ask my husband. I question  
11 everything. I don't believe what people tell me until I  
12 really read it, and four years ago next week, I started  
13 going to high-speed rail meetings. In Fresno, I started  
14 at the EDC, and they said, "We need you to sort of look  
15 into this high-speed rail thing. We're not quite sure  
16 it's actually going to happen," and so I started going,  
17 as some of you know. And I think I have gone to lots of  
18 meeting with many ideals, and I think that since that  
19 time, I have gone to about ten thousand high-speed rail  
20 meetings and read everything I can get my hands on to  
21 make sure that I understand and I make those decisions  
22 for myself. And one of the things that I have found  
23 over these last four years is that it's no longer an  
24 option anymore on whether we support high-speed rail.  
25 We have to have high-speed rail in California to get

1 people from northern California to southern California.  
2 There's no other way to do that. We can't put freeways  
3 in California any longer.

4           And for those of you who say we need to bypass  
5 the Central Valley and go down I-5, I think I'm offended  
6 by that. To bypass Central California, as has happened  
7 so many times in the past that we get left out -- I'm  
8 sorry I'm getting emotional, but we get left out of so  
9 many things, and I'm a fourth generation Fresan. My  
10 mother grew up in Corcoran in Kings County. My father  
11 grew up in Fresno. I went to UC Davis, and I lived in  
12 the Bay Area for a little while, and I always came back  
13 to the Central Valley of California, because I know what  
14 we have to offer there. I know we feed the world. I  
15 know that we're an agriculture community, but we have so  
16 much to offer every place of the State of California.  
17 And so when we started looking at where should the  
18 high-speed rail go, I was one of those who fought really  
19 hard to make sure that it came through the Central  
20 Valley of California because we need to be connected --  
21 not just for the jobs. Of course, we have to have it  
22 for the jobs. We have high unemployment. We have high  
23 poverty and we have been fighting for fifty years --  
24 well, I have -- to find some way out of that poverty,  
25 and nothing has worked. Nothing has changed what's

1   happening in the Central Valley. We have 35 percent  
2   unemployment in some of our rural communities in Fresno  
3   County and I know in many of those other areas in the  
4   Central Valley, and nothing has helped us get out of  
5   that poverty. Nothing has helped us put people to work.

6           But besides just those jobs that are going to be  
7   for high-speed rail, we need to be connected to the rest  
8   of the state. We are an island in ourselves. Trying to  
9   get to Los Angeles and San Francisco and San Diego and  
10   Sacramento on 99 is absolutely ridiculous. Trying to  
11   get from Fresno to anyplace else in the state is tough.  
12   I mean, it's cost prohibitive. We can't do it. We have  
13   to get to those places and I have -- as many of you  
14   know -- seven grandchildren and I have one more coming  
15   in January, and I want to leave California to them in a  
16   way that I dreamed it would be. I'm sorry. The air  
17   quality in the Central Valley of California, my kids  
18   can't breath there. My grandchildren can't breath  
19   there, and I keep talking to them about, "Please come  
20   back to Fresno. Please come back to the Central  
21   Valley." And they say, "We have to have things changed.  
22   We have to make sure that we have jobs, that we can be  
23   connected to the rest of the state, and that we can have  
24   a good livelihood for our kids and our grand kids  
25   there."

1           The high-speed rail is one of those things, and  
2   it's not the end all. Don't get me wrong. I don't  
3   think this is the thing that's going to save us all.  
4   But it is one of those things that will allow the  
5   Central Valley to grow and prosper. I go around the  
6   country and around the world, and I sing the praises of  
7   the Central Valley in California. I'm the Chair of the  
8   California Central Valley Economic Development  
9   Corporation. So we go as a group together, and I talk  
10  about what we have to offer here, and around the state  
11  and around the country, people now know who we are.  
12  People now are saying, "Oh, I know the Central Valley of  
13  California. That's where high-speed rail is starting,  
14  right?" The people in Paris, the people in Spain say,  
15  "This is your opportunity now." This is the one time in  
16  my lifetime that the whole world is looking at what  
17  we're doing and I need -- and we all need -- in the  
18  Central Valley something to hold onto to change this.  
19  And right now is the opportunity of a lifetime.

20           And I know you all have hard work to do to make  
21  this right, and in Fresno County, we're helping you do  
22  that and working with all of those folks along the  
23  alignment to make sure that they are treated fairly and  
24  that they do have a right to have an advocate on their  
25  side to make sure that they -- their businesses are

1 given the proper appraisal that they need. We're doing  
2 all of that work, and instead of fighting back and forth  
3 on whether or not this should happen, let's all fight  
4 together and make sure that it happens right. Thank  
5 you.

6 CHAIRMAN RICHARD: Thank you, Ms. Eager.

7 Diana LaCome followed by Paul Guerrero.

8 MS. LACOME: Good morning, Chairman Richard,  
9 members of the board, Mr. Morales. First of all, I  
10 would like to thank you for issuing -- reissuing the  
11 disparities study RFP and also for awarding to a small  
12 business. So thank you for that.

13 Also, I'd like to thank you for the three  
14 contracts on preliminary engineering and environmental  
15 engineering that have -- are actually out now, the RFQs.  
16 And we're -- we know that two of those contacts are a  
17 million dollars, so that's perfect for a small business  
18 to actually prime. So we're hoping to see a couple of  
19 small businesses priming those contracts.

20 Now, when you had the outreaches for these three  
21 contracts, I got a lot of calls from small businesses.  
22 The first one, that was here in the north, I was told  
23 that no one introduced the prime contractors. Remember,  
24 this is the only opportunity that some of these small  
25 businesses have to meet or see who is going to be

1 bidding on these projects and that includes other small  
2 businesses because if the small business is going to  
3 prime it, then the other small businesses need to know  
4 who's going to prime it.

5         Anyway, they were never introduced. The sign-in  
6 sheet did not denote which ones were actually prime  
7 contractors. So I talked to some of Authority staff,  
8 and I was told that it would be different in the south,  
9 but apparently, it wasn't, because when some of our  
10 members recommended that the prime contractors be  
11 brought up to the front or have them introduce  
12 themselves, stand up, or whatever, that still did not  
13 happen.

14         So the recommendation for this came, not only  
15 from APAC but also from your advisory board. So I would  
16 really like to see that you take that into consideration  
17 in any other outreach event, that the prime contractors  
18 are clearly visible to the subcontractors. They don't  
19 know who they are.

20         Okay. One last -- one last issue and that's  
21 Caltrans. You have, currently, an MOU with Caltrans on  
22 Highway 99. It's a \$25 million contract, and we would  
23 like to remind the Board of, of your commitment to the  
24 30 percent small business utilization.

25         Now, we hear that Caltrans is probably going to



1 be wanting to do all the work themselves, in house.  
2 With a \$225 million contract, there's no reason why  
3 Caltrans can't subcontract out some of that work and not  
4 just in construction but also in the engineering. So  
5 we're recommending that you look at that, and I note  
6 that the advisory council is going be looking at that  
7 contract as well. So just take that into consideration.  
8 Thank you.

9 CHAIRMAN RICHARD: Thank you, Ms. LaCome.  
10 We will.

11 Paul Guerrero and we have three more speakers  
12 after him, David Cameron, Dan Dolan, and Tamsen Drew.

13 Mr. Guerrero, good morning.

14 MR. GUERRERO: Good Morning. Before I  
15 start, I'd like to comment on the lady that proceeded  
16 me, Diana LaCome, because I think we're all here and  
17 we're all giving you time to change, to make change to  
18 the world, and I think the high-speed rail going through  
19 the Central Valley will have such an impact on lives.  
20 It will bring people up out of poverty, allow people to  
21 buy homes for the first time, and so forth. So I urge  
22 you, not only keep the train going through the Central  
23 Valley, but to have a program, a training program to get  
24 these people into the unions and if you have a labor  
25 agreement and working on the railroad to change their

1 lives that's what we're here for.

2           What I wanted to comment on today, I'll be very  
3 short, is at the last meeting of the Department of  
4 General Services Small Business Council, it was raised,  
5 why isn't there a bonding program for small contractors  
6 who are doing business with the State. And after a lot  
7 of discussion on that, somebody said, "Well, what's the  
8 High-Speed Rail doing? They're always taking leadership  
9 in a lot of these programs, you know, with the goal for  
10 small business and the goal for disabled veterans and so  
11 forth and the impact that they're having, what are they  
12 doing on this?" And I urge you to take a look at this.

13           There are a lot of bonding programs out there  
14 that assist small businesses in getting bonded and so  
15 forth. And maybe it's something that your staff can  
16 look at. Maybe your small business council can look at  
17 it, but why don't we take the leadership with it and do  
18 that, too? What the heck. We're doing everything else;  
19 why not?

20           CHAIRMAN RICHARD: Thank you very much,  
21 Mr. Guerrero.

22           David Cameron followed by Dan Dolan.

23           MR. CAMERON: Thank you, Chair Richard and  
24 Board. I have been attending these meetings for the  
25 past four and a half years or so, and I have to say,

1 it's quite remarkable, the transformation that we have  
2 seen in that four and a half years both in the presence  
3 of both the professionalism of the Board and in the turn  
4 around that we have seen in the people who come to the  
5 meetings. There used to be a lot of, a lot of, a lot of  
6 opposition, and I think the skill and attention and the  
7 courtesy of the Board has helped alleviate that.

8 I know there is still opposition out there, and  
9 the fact of the matter is that facts are stubborn  
10 things. We have 32 million registered vehicles in this  
11 state now. We have a population that's going to grow by  
12 ten million. Our freeways are already choked with  
13 congestion. The San Francisco to LA airports are the  
14 most congested in the country with an average of an hour  
15 delay, 230 flights day. And the air in the Central  
16 Valley is the worst in the nation. So those who say  
17 they want to not have high-speed rail, you have to come  
18 up with some form of moving people, of transporting  
19 people, because a successful economy operates on  
20 effective and efficient transportation.

21 If you expend the airports, if you expand the  
22 freeways, you're going to chew up more valuable  
23 agricultural land than you will by the high-speed rail,  
24 and it will be significantly, almost three times, as  
25 expensive as the project that's proposed before us. We

1 have a proven, viable alternative form of transportation  
2 that's been done around the world and successfully and  
3 prosperously, and high-speed rail has been that proven  
4 alternative.

5 So I think you have all made very valuable  
6 points, but facts remain stubborn things. So I'm with  
7 Teamsters Rail Conference. We're very strong supporters  
8 of the project, and we appreciate all the hard work you  
9 do.

10 CHAIRMAN RICHARD: Thank you, Mr. Cameron.  
11 Dan Dolan. Good morning, sir.

12 And then our last speaker is Tamsen Drew.

13 MR. DOLAN: Thank you, Chairman Richard and  
14 Jef Morales and the Board. Dan Dolan, Martinez,  
15 California. I'm here today to thank you and show  
16 appreciation for the work that you all have done the  
17 last several months, and I will probably hear more  
18 information today, but it would seem to me that the  
19 groundbreaking should occur sometime in this month or  
20 the next month, and I ask, Dan Richard, if you will  
21 consider inviting all of us in the audience to the  
22 groundbreaking.

23 CHAIRMAN RICHARD: Thank you, Mr. Dolan.  
24 You know, I don't get to make that decision, so I think  
25 that's a good thing actually, but I'm sure, if and when

1 we get to that point, it will be a public event, but I  
2 appreciate that.

3 Ms. Drew, you're our last speaker this morning.  
4 Thank you for your patience.

5 MS. DREW: Good morning. Tamsen Drew with  
6 the Mayor's office in San Francisco and I'm here to  
7 provide the -- San Francisco's points in support of  
8 California high-speed rail project.

9 The California high-speed rail project will  
10 provide near-term and long-term benefits to our State  
11 and local economy. In addition to the construction jobs  
12 that will be created in the near-term, the project will  
13 provide transportation alternatives to our congested  
14 airports and roadways, reduce greenhouse gas emissions,  
15 enhance urban rail, and spur economic growth for our  
16 State and local economy. The project will begin with  
17 investments not only in the Central Valley but in our  
18 regional transportation systems as well. These  
19 investments in our infrastructure will have long-term  
20 benefits throughout our state. Specifically, the  
21 project will convert the existing diesel engines in  
22 Caltrans commuter rail service to electrically powered  
23 service along the fifty mile corridor from San Francisco  
24 to San Jose. Electrified trains will consume less  
25 energy, decreasing emissions by approximately 49

1 thousand metric tons per year. Electrification will  
2 also provide a welcome increase in service frequency and  
3 station access.

4           According to Bay Area Council's Economic  
5 Institute, specific benefits of Caltrain electrification  
6 include the following: construction can be expected to  
7 add 95 hundred full-time equivalent job years to the  
8 State economy with the vast majority, over ninety  
9 percent, being in the Bay Area. Construction will  
10 increase California's gross state product by \$950  
11 million. State and local tax collection will see an  
12 increase of \$70 million during the construction phase,  
13 and property values near Caltrain will be expected to  
14 see an increase in as much as \$1 billion.

15           San Francisco strongly supports California  
16 high-speed rail to be a blended system and Caltrain  
17 electrification, and thanks for letting me have the last  
18 word.

19           CHAIRMAN RICHARD: Thank you, Ms. Drew.

20           Okay. With that, we complete the public comment  
21 period. I feel compelled to just make one or two quick  
22 remarks. As I said before, the public comment period is  
23 that time when the public gets to express their views,  
24 their suggestions, criticisms, objections, and so forth.  
25 It's your time to speak, and it's not our time to engage

1 and debate with you or to respond but to -- as Stacey  
2 Mortensen pointed out -- to listen both to compliments  
3 and to criticisms. But there were two comments made  
4 this morning that I really feel it's important for us to  
5 just clear the air on, and my colleague, Lynn Schenk,  
6 exhorts us all the time that we need to do a better job  
7 of communicating with what we're doing with the public,  
8 and I think that this is one of those points that we do  
9 that.

10 And the first thing I was concerned with was any  
11 suggestion that this Board would, in any way, operate  
12 outside or in exceedance of or trying to ignore a  
13 decision or an order of this Judge or any other judge.  
14 We sit here and I think that of all people in the room,  
15 the people who have the greatest sense of fidelity to  
16 what the voters passed in Prop 1-A is sitting up here.  
17 We are endeavoring to build what the voters asked us to  
18 build when they passed that, an electrified high-speed  
19 rail system that connects our great cities in this great  
20 state. That's what we're building. That's what we're  
21 intending to build, and we have never wavered from that  
22 in any way.

23 The Judge found that, along the way, in putting  
24 together a funding plan in November 2011, we fell short.  
25 We acknowledged that he found that. That informs our

1 actions and that will inform them in the future. But,  
2 as our general counsel pointed out, he was also asked by  
3 plaintiffs to issue an order to stop the project, and he  
4 didn't do so. So we're operating in complete  
5 conformance with what the judge said. We did, and we  
6 will continue to do that.

7 The second point that was made -- well, on that  
8 point of fidelity Prop 1-A, the -- it was said that  
9 while there's no way that you can have two hours and  
10 forty minutes, there's no way with the blended approach  
11 that you can achieve these things -- and again, I think,  
12 as Ms. Schenk has pointed out, maybe we have just not  
13 done a good job of communicating -- the bedrock of our  
14 decision in April of 2012 that we could proceed with the  
15 blended approach was the realization that we could  
16 achieve the objectives of Prop 1-A at lower cost. It  
17 was never to walk away from those provisions of Prop  
18 1-A. So we sit here today believing absolutely that we  
19 will have the speeds and the prime necessary to  
20 accomplish what the voters intended to accomplish and do  
21 it at less cost. I just want people to be really clear  
22 on that. We have walked away from nothing, and if you  
23 look at the business plan that was adopted in November  
24 of 2008, right after the vote, there was a map in there  
25 that Senator Galgiani pointed out to Mr. Morales in



1    there one day sitting in her office, it showed that at  
2    that time, they showed different speeds on the system  
3    because just by nature of its geometry, going through  
4    high density areas, it's going to slow down. Trains  
5    don't come into Paris at two hundred miles per hour, and  
6    neither will they do that on the high-speed rail system.  
7    So we're building the system envisioned in Prop 1-A, and  
8    we're doing it at cheaper cost.

9           So I just felt that it's important to make those  
10   two points, because fidelity to the law is something  
11   that every one of us takes very seriously. And finally,  
12   I do understand this concern, particularly, with people  
13   who are in the path of this, about displacement of homes  
14   and businesses and farms, and I think the evidence that  
15   we take that very seriously can be found in the  
16   agreement that was reached with the Madera and Merced  
17   County Farm Bureaus where we have gone to extraordinary  
18   lengths to set aside and protect agricultural land.  
19   That agreement can be a model up and down the state. We  
20   have already had other farm bureaus ask us if they could  
21   sign onto that template, but I think it's really  
22   important to note something that the Mayor of Fresno has  
23   pointed out. You know, we're looking at maybe forty  
24   five hundred acres of land to take up and down the  
25   hundred and thirty miles of our initial construction.

1 The City of Fresno, not the county not the combined  
2 cities of the valley, the City of Fresno in the last  
3 forty years, converted fifty thousand acres of  
4 agricultural land to residential development.  
5 Residential sprawl is the single biggest threat to the  
6 Central Valley. It's followed by other threats, highway  
7 expansion, energy production. I'm not sure high-speed  
8 rail is in the top three or four. And in fact, I think  
9 that high-speed rail, as we're just seeing in a study  
10 that came out of UCLA and the University of California  
11 Davis law schools, can be a really critical tool to help  
12 prevent sprawl in the Central Valley.

13 So we don't sit up here thinking, "Oh, if we can  
14 just run over these farms and businesses, we can put in  
15 this shiny train system." We sit here and we think, "If  
16 we do this right and we plan for it correctly, we will  
17 help enhance the environment, save ag land in the  
18 Central Valley." Now, you can disagree with us. It's  
19 your right and your privilege and we'll engage in that  
20 discussion and debate, but in terms of the hearts and  
21 minds of this organization of where we are, that's what  
22 we're thinking.

23 So I appreciate peopling allowing me to take just  
24 a moment to comment on that.

25 With that, what I'd like to suggest is that

1 before we proceed with the rest of our agenda, why don't  
2 give everybody a five minute -- and I mean five  
3 minute -- comfort break.

4

5 (Break taken.)

6

7 CHAIRMAN RICHARD: Okay. Thank you. We'll  
8 be back in public session here.

9 We will now proceed through our agenda, and I  
10 know that Mr. Hartnett is waiting for me to skip over  
11 Item 2, the Approval of the Board Minutes, because I  
12 always do that, but this time I got it.

13 MR. HARTNETT: I move approval.

14 MS. SCHENK: Second.

15 CHAIRMAN RICHARD: So the Board minutes from  
16 the last meeting have been moved by Mr. Hartnett and  
17 seconded by Ms. Schenk.

18 Would the secretary please call the roll.

19 MS. REED: Vice-Chair Richard.

20 MR. RICHARD: Yes.

21 MR. REED: Vice-Chair Hartnett.

22 MR. HARTNETT: Yes

23 MS. REED: Mr. Rossi.

24 MR. ROSSI: Yes

25 MS. REED: Ms. Schenk.

1 MS. SCHENK: Yes.

2 MS. REED: Ms. Perez-Estolano.

3 MS. PEREZ-ESTOLANO: Yes.

4 MS. REED: Mr. Henning.

5 MR. HENNING: Yes

6 MS. REED: Mr. Frank.

7 MR. FRANK: Abstain.

8 MS. REED: Chairman Richard.

9 CHAIRMAN RICHARD: Yes.

10 Okay. That item is adopted.

11 Next, we move onto a status report on our Request  
12 for Qualification for construction package 2 and 3.

13 Before Frank Vacca leads us in that discussion, I think  
14 it's probably a good time to ask our CEO to step back  
15 and give us an overall status report on where we are  
16 with the progression of things for the high-speed rail  
17 program. So, Jeff, can you do that.

18 MR. MORALES: Thank you, Mr. Chairman. Yes,  
19 we'll get onto packages 2 and 3 in a moment, but I think  
20 it's important that we recognize that we are moving  
21 ahead with package 1. When the legislature passed SB  
22 1029 last summer, that provided the appropriations and  
23 specific direction to enter into contracts, and we have  
24 done so with the first design build contract. Just a  
25 little over a year from the time the legislature gave us

1 the green light to move forward, we are, in fact, moving  
2 forward. We are under contract, along the way with the  
3 first high-speed rail system in the state, in this  
4 country. We have entered into a contract. The first  
5 notice to proceed has been given to the contractor.  
6 They're mobilizing, design work. We're going to start  
7 seeing -- we are, in fact, starting to see some of the  
8 early benefit to Fresno with the permanent team that  
9 will be moving into Fresno as part of the contract.  
10 There are a hundred-plus people who will be there for  
11 the duration of the project many of them will be moving  
12 in their families, who will be spending money in Fresno,  
13 going out to dinner, buying food, buying things, and  
14 providing a needed boost.

15 We're also seeing early on in the project  
16 something where -- Ms. Eager raised The air quality  
17 issue and that's such an important issue. One of the  
18 provisions in the contract is a requirement that the  
19 contractor utilize the very latest technology, the clean  
20 air equipment licensed by the EPA. What we're seeing  
21 over the coming months will be the beginning of  
22 equipment coming in, into Fresno that will ultimately be  
23 used on the construction, that will be the very cleanest  
24 construction equipment available in the world. So  
25 through this project, we will begin introducing that

1 clean technology into the Central Valley. So we're very  
2 pleased with that.

3 We are -- we'll continue to move forward as the  
4 design moves forward, and any issue subsequent to  
5 notices to proceed for the contractor to keep this  
6 program on schedule and moving forward. At the same  
7 time, we're proceeding on other parts. SB 1029 also  
8 authorizes the continuation of the environmental  
9 planning work on the other corridors as well as the  
10 completion and now moving forward with the Fresno to  
11 Bakersfield section, and that brings us to the next  
12 item, which is the construction packages 2 and 3.

13 And I would also point out, building upon the  
14 comments that you made, Mr. Chairman, I see it certainly  
15 as my job and that of my team to, not only implement  
16 this program, but to always look at how we can improve  
17 it so that it will work more efficiently. And the  
18 packaging of this next contract is an example of that.  
19 We reached out extensively to the industry and asked  
20 them about how we can do things more efficiently, and so  
21 the proposal before you today, the update for you, is  
22 how we will move forward with the next set in a more  
23 efficient way that I think will produce better results  
24 for the State and keep us moving.

25 So with that, we have the material right in front

1 of you. Scott Jarvis, who will give us a quick update  
2 on that. We'll be happy to take any questions.

3 CHAIRMAN RICHARD: Good afternoon.

4 MR. JARVIS: Good afternoon, Mr. Chairman  
5 and members of the Board. My name is Scoot Jarvis. I'm  
6 the deputy program manager for the High-Speed Rail  
7 Authority.

8 So in January 2013, the Authority staff presented  
9 the board with the status update of construction  
10 packages CP 2, 3, and 4. And at that time, staff  
11 intended to release one or more Requests for  
12 Qualifications, RFQs, for CPs 2, 3, and 4 and indicated  
13 that those construction packages would extend south from  
14 Fresno to Bakersfield. So since January 2013, Authority  
15 staff has continued to examine options for proceeding  
16 with these RFQs and concluded that the best path forward  
17 is to consolidate CP 2, 3 and retain CP 4 as a separate  
18 procurement. As Mr. Morales mentioned, we're always  
19 looking for ways to be as efficient as we can.

20 So the purpose of this presentation is to provide  
21 the Board with the status update on the release of the  
22 RFQ interested design build teams for designing  
23 construction for the next construction package, which we  
24 refer to as CP 2, 3.

25 So the first construction segment, or the FCS,

1 just a little background for everybody here, it will run  
2 through the Central Valley between Merced and  
3 Bakersfield and will involve multiple design build  
4 contracts for the final design construction of all track  
5 way, civil and infrastructure, up to the top of the  
6 upgrade below the valleys, and a separate design build  
7 contract will be developed with the tract work along the  
8 entire length of the FCS. So the approach for selecting  
9 and awarding the next design build contract for CP 2, 3  
10 will be similar to that for CP 1, specifically, a  
11 two-phase process designed to obtain the best value for  
12 the Authority.

13 In the first phase, an RFQ will be issued, and  
14 each of the submitting teams will be evaluated for the  
15 qualifications to perform the work. In the second  
16 phase, a Request for Proposal, or RFP, is issued to each  
17 qualified design build team with proposals due on  
18 specific dates.

19 The Authority anticipates releasing one RFQ for  
20 CP 2, 3 that would extend from east American Avenue in  
21 Fresno south to approximately one mile north of the  
22 Tulare-Kern County line. This length of this segment is  
23 approximately sixty miles. Statements of Qualification,  
24 SOQs, will first be reviewed for responsiveness and to  
25 ensure financial capacity to deliver CP 2, 3. The



1 valuation, selection criterion, it has been altered from  
2 that of CP 1 so that it is more uniquely tailored to the  
3 specific elements of CP 2, 3 such that the Authority  
4 will be able to qualify the design build team best  
5 suited for that particular project.

6 The general elements the teams will be asked to  
7 address and upon which they will be evaluated will  
8 include: Past performance, the quality of the design  
9 build team, project understanding, and innovation in  
10 minimizing impacts on agriculture and other natural  
11 resources.

12 Staff anticipates that no less than three teams  
13 will be shortlisted to receive the RFP for CP 2, 3;  
14 however, the Authority will retain the ability to  
15 shortlist any number of teams it deems to be in the best  
16 interest of the State. Only teams that are financially  
17 and physically capable will be shortlisted. Offerers  
18 wills bear all costs of their SOQ submittal and will  
19 receive no stipends at the RFQ and SOQ phase of the  
20 procurement. The selected contractor shall provide  
21 final design and construction for the civil  
22 infrastructure complete and based up to the top of the  
23 sub grid. The future RFP will more clearly delineate  
24 the project limits and scope of work responsibilities.  
25 As called for by the Board's policies and procedures,

1 staff will seek future Board approval to issue the RFP.  
2 Thank you.

3 CHAIRMAN RICHARD: Thank you very much.

4 Questions from members of the board?

5 I just have one quick question on this maybe for  
6 the CEO. First of all, I, for one, applaud the  
7 efficiency that you're bringing to this. I think that's  
8 very important and very good. As we balance different  
9 counter balance and considerations, I know one issue  
10 that we have heard a lot about, Mr. Cohn and  
11 Mr. Guerrero and others that they represent, is the  
12 ability of smaller businesses both DBEs and small  
13 business to be able to participate in these contracts,  
14 and if we consolidate, it tends to make for larger  
15 contract awards. I know that you are committed to this  
16 policy of full participation of all segments of our  
17 economy. Have you thought about how to strike a balance  
18 between efficiency and accessibility?

19 MR. MORALES: Certainly, Mr. Chairman. We  
20 reach the decisions about consolidating this package  
21 based part on specific discussions that we have had with  
22 each of the teams that bid on Construction Package 1 as  
23 well as other firms who expressed interest in bidding on  
24 the next packages. I have also kept the small business  
25 advisory committee engaged and involved in these

1 discussions. We asked each of the potential bidders  
2 about this issue, specifically about whether  
3 consolidating would create barriers to their client as a  
4 small business. We ask every one of them specifically.  
5 We got the same answer back. We -- we'll -- the thirty  
6 percent goal will apply regardless of the size of the  
7 contract, so they will be required to meet the Board's  
8 goal as established. We will continue to do the  
9 outreach and other efforts to make sure that there are  
10 small businesses that are capable of performing the work  
11 and that they're aware of it. So we looked at this  
12 question with that issue of small business participation  
13 in mind and feel very comfortable that we will be able  
14 to maintain the Board's focus on this issue.

15 CHAIRMAN RICHARD: Excellent. Thank you.  
16 Okay. Thank you very much for that presentation,  
17 Mr. Morales. Thank you for your remarks in introducing  
18 that. They were very helpful.

19 The next issue is the approval of a contingency  
20 fund for Construction Package 1. John Tapping.

21 MR. MORALES: Mr. Chairman, if I could just  
22 say, this is the -- at the last board meeting, the  
23 policy and the approach for contingency construction and  
24 all of our construction contracts, this is now the  
25 implementation of that policy and application of the

1 first contract but consistent with the policy that was  
2 approved by the Board.

3 CHAIRMAN RICHARD: Okay. Thank you.

4 MR. TAPPING: Good afternoon, Chairman  
5 Richard, Board members. My name is John Tapping. I'm  
6 the risk manager for the Authority. I'm glad to come  
7 before you again.

8 CHAIRMAN RICHARD: Mr. Tapping, could I ask  
9 you to just -- either pull the microphone a little  
10 closer or speak up. We want to make sure it's on the  
11 record.

12 MR. TAPPING: This agenda item is to  
13 recommend approval of a construction contract  
14 contingency plan for the CP 1 contract. By way of  
15 background, as Jeff mentioned, at the June board  
16 meeting, the Board approved award of the CP 1 contract,  
17 the Resolution 1312. In the August 2013 Board meeting,  
18 the Board approved a policy and procedure for  
19 establishing construction contract contingency based on  
20 the state of the practice risk informed approach,  
21 Resolution 1320. The Authority, risk management, and  
22 executive staff have conducted an exhausted  
23 risk-informed analysis since that time on CP 1 contract  
24 work and has, by this presentation, is making a  
25 recommendation for CP 1 contract contingency.

1           At this time, the Authority recommends, based on  
2   this extensive analysis, looking at all the risk in the  
3   project and adjusting the risk and running various  
4   models, including Monte Carlo models, recommends a  
5   hundred and sixty million dollar project level  
6   contingency for the project with the CEO authorized to  
7   manage and report back to the Board on the management of  
8   the contingency with the extensive checks and balances  
9   that the Authority now has in place for managing  
10   contingency.

11           I would like to mention that the allocation of  
12   project contingency is in no way a change to the budget  
13   or approved budget as was authorized in the business  
14   plan. It is simply an allocation for uncertainties in  
15   this particular contract, and there were estimates of  
16   contract and program contingencies in the budget. So  
17   there is no budget change. It is simply an allocation  
18   of contingency to account for uncertainties and risk in  
19   the CP 1 contract.

20           At this point, I'll take any questions that you  
21   have.

22                   CHAIRMAN RICHARD:   Okay.   Questions?

23                   MS. SCHENK:   Just a comment.

24                   CHAIRMAN RICHARD:   Yes, Ms. Schenk.

25                   MS. SCHENK:   Thank you, Mr. Chairman.   I

1 just want to make sure that the public was aware that  
2 we, on the Board, individually look very -- and have  
3 briefings on this from the staff. It is very labor  
4 intensive -- that they took the time to brief us and to  
5 answer all of our questions. So we're not just doing  
6 this based on this brief presentation, but we have had a  
7 lot of hours, from the staff hours and Authority member  
8 hours, invested in this.

9 CHAIRMAN RICHARD: Thank you. I appreciate  
10 those comments.

11 Any other questions?

12 Yes, Vice-Chair Richards.

13 MR. RICHARDS: Thank you, Mr. Chairman.

14 So would it be fair to say then that the  
15 contingency that we're talking about here is not a  
16 contingency that is certainly a possibility not an  
17 absolute, that this is a contingency that sets a funding  
18 stream up for potential items which may occur but were  
19 not anticipated and could not be anticipated with a 15  
20 percent design drawings from which the RFP were  
21 responding to?

22 MR. TAPPING: That's an accurate statement.

23 MR. MORALES: Mr. Richards, if I could just  
24 expand on that slightly. These risks are also  
25 unmitigated, meaning that we looked at the potential

1 impacts of risks -- of the various risks that go into  
2 this and assigned a dollar value. We now work -- are  
3 implementing already specific measures to mitigate every  
4 risk in that as to avoid, if at all possible.

5 MR. RICHARDS: Okay.

6 CHAIRMAN RICHARD: Ms. Perez-Estolano.

7 MS. PEREZ-ESTOLANO: Thank you very much but  
8 I also -- it would be helpful if you could explain a  
9 little bit about how the Buy America requirements kind  
10 of impacted this. I think it's important that the  
11 public -- and it will kind of help everyone understand  
12 how we came to these new conclusions.

13 MR. TAPPING: Okay. In the recent months,  
14 there's been an emerging issue with the Buy America  
15 regulation, and there have been some changes, and it's  
16 not just statewide. It's nationwide with regard to  
17 utilities and relocation of utilities. And prior to the  
18 regulations, Buy America requirements did not apply to  
19 relocation temporary or utilities. And because of these  
20 regulations, they now do. So that is an uncertainty  
21 going into the CP 1 contract with regard to basically  
22 wrapping up suppliers, working with suppliers, getting  
23 them on board with the Buy America requirements, and  
24 there's some uncertainty and risk involved going forward  
25 in that particular matter. So that was one of many

1 risks that was assessed in the Monte Carlo modeling, and  
2 it's represented in the contingency request numbered.

3 MS. PEREZ-ESTOLANO: Thank you. Thank you.

4 MR. TAPPING: And, again, as Jeff mentioned,  
5 we are doing extensive mitigation on all of the risk  
6 issues, that one, in particular, working with our  
7 Federal stakeholders, working with suppliers, and  
8 looking at creative ways to implement Buy America and  
9 comply while mitigating potential risks to scheduling  
10 costs.

11 MS. PEREZ-ESTOLANO: Thank you.

12 CHAIRMAN RICHARD: Okay. Finally, I would  
13 only note, as I did last month, that Monte Carlo  
14 modeling refers to a very sophisticated risk management  
15 technique of scenario analysis and not what might be a  
16 more common understanding of that. I guess I should add  
17 that Mr. Rossi is an expert on this type of thing.

18 MR. ROSSI: Could I just have one question,  
19 Mr. Chairman.

20 CHAIRMAN RICHARD: You certainly may, Mr.  
21 Rossi.

22 Some wise person did not give you a live mic.  
23 Excellent work by the way.

24 MR. ROSSI: Preparation. I understand.

25 The -- when Tom was talking about the 15 percent



1 design, the contingency that we're looking at today is a  
2 70 percent confidence level; is that not right?

3 MR. TAPPING: Correct.

4 MR. ROSSI: And so that 70 percent  
5 confidence level will get better as we move through  
6 time, and it's not inconceivable that it will go down  
7 but it's not also inconceivable that it go up and if we  
8 continue running models, will keep us ahead of that  
9 exercise?

10 MR. TAPPING: Yes, exactly. The match --  
11 actually going forward with the risk management program  
12 is to do continuous Monte Carlo modeling on a quarterly  
13 basis and trending with the contingency and we can track  
14 all of these mitigations that we're doing and with these  
15 risk mitigations in place, we would expect to see some  
16 more optimism in the modelling as we go forward.

17 MR. ROSSI: And would it be inappropriate to  
18 say that given where we started this exercise, where we  
19 are today with our contingency, that more sophisticated  
20 modeling, more realtime modeling that if it wasn't for  
21 Buy America, that we would have been pretty close to our  
22 number, if that, probably more high?

23 MR. TAPPING: That's correct.

24 CHAIRMAN RICHARD: Other questions?

25 Vice-Chair Hartnett.

1                   MR. HARTNETT: Thank you. Just a comment  
2 and a question. When we talk about a risk that's  
3 mitigated or unmitigated, the language used is not clear  
4 to me in a layman's sense. I think what we're saying is  
5 we are identifying risks that we haven't gotten rid of  
6 yet, and we're going to try to get rid of them the best  
7 we can. Isn't that a -- instead of talking about  
8 mitigated and unmitigated, isn't that another way of  
9 referring to what we're doing?

10                  MR. ROSSI: Yes.

11                  MR. HARTNETT: Okay. It just is easier for  
12 me to understand when we're using language that is, is  
13 more direct.

14                  And then as a reference to the budget, not that  
15 the, the contingency is within the budget, but I think  
16 if you could explain, there's a reference to -- we had a  
17 hundred and forty million dollar figure and now we have  
18 a hundred and sixty million dollar figure. So just make  
19 readiness to how that fits into the overall budget  
20 contingency plan.

21                  MR. TAPPING: Yeah. There's also a program  
22 level contingency. The phase one blended. It's  
23 approximately \$2 billion, and what its intent and  
24 purpose is intended to cover -- it's in the budget --  
25 and what it's intended to cover are those program wide

1 issues, risks, uncertainties, much like the Buy America  
2 issue. So essentially, the draw from a \$2 billion  
3 program contingency is, is appropriate and common  
4 practice for contingency damage.

5 MR. MORALES: I do want to stress, if I  
6 could, just in adopting a contingency, there's no  
7 commitment to spend that contingency. There's -- that  
8 you have the allowance to work through these issues but  
9 recognizing that there are issues out there and we need  
10 to identify those and manage those, that this is not a  
11 commitment to spend these.

12 MR. ROSSI: Also, Jim, I understand the need  
13 for clarifying language, but I think that you could  
14 agree with the Chairman, in the financial sense,  
15 mitigation doesn't mean get rid of the problem. It just  
16 means that you may reduce it or may do something  
17 different. It doesn't mean you're going to get rid of  
18 the problem. I don't want to lead anyone into that  
19 thought process that John, the management team, will be  
20 able to get rid of the problem. They will do everything  
21 they can to reduce the cost of that.

22 CHAIRMAN RICHARD: And I'll just close on  
23 this, I think stepping back, it's important to  
24 reemphasize something that we talked about last month  
25 when we talked about the establishment of the overall

1 policy. Mr. Tapping today has talked about what we're  
2 going to do with respect to this construction package  
3 under the umbrella of the policy, but I think that the  
4 thing that makes me feel comfortable as a more layperson  
5 on this is we all know that large infrastructure  
6 projects have risk of construction cost over and when  
7 things go wrong. We know that. We all know that there  
8 are lessons to be learned from the recent Bay Bridge  
9 experience. What Mr. Tapping and the staff, Mr. Morales  
10 and others, have done, what Mr. Rossi has overseen with  
11 Tom Richards on the Finance and Audit Committee, is a  
12 set of very sophisticated tools, the best that we could  
13 come up with, to establish the right level of  
14 contingency using sophisticated techniques, not just  
15 pulling some ten percent number out of the air, but  
16 using sophisticated techniques, which then allows us, as  
17 we go forward, day by day, week by week, month by month,  
18 to be monitoring those and assessing those and  
19 reassessing those.

20           So as far as we know, this may be, if not the  
21 most sophisticated, among the most sophisticated risk  
22 management programs that any large infrastructure  
23 project has in the country, and I think that's not to  
24 say that something can't go wrong, but it is to say that  
25 we're very focused on the issue of risk management and

1 not moving forward on some kind of expectation that  
2 everything's going to be okay. And with that, I would  
3 just say I -- that I think it's a well thought out  
4 program. There's been, I know, a tremendous amount of  
5 work on the part of Mr. Tapping, Mr. Morales, the staff  
6 people involved as well as the Finance and Audit  
7 Committee, and, Jeff, if there's anybody else I need to  
8 recognize, help me out. But if that is helpful, then we  
9 can proceed.

10 MS. SCHENK: So moved.

11 MR. ROSSI: Second.

12 CHAIRMAN RICHARD: Okay. There's a motion  
13 by Ms. Schenk and a second by Mr. Rossi.

14 Will the secretary please call the roll.

15 Thank you, Mr. Tapping.

16 MS REED: Vice-Chair Richards.

17 MR. RICHARDS: Yes.

18 MS. REED: Vice-Chair Hartnett.

19 MR. HARTNETT: Yes.

20 Mr. Umberg. Mr. Rossi.

21 MR. ROSSI: Yes.

22 MS. REED: MS. Schenk.

23 MS. SCHENK: Yes.

24 MS. REED: Ms. Perez-Estolano.

25 MS. PEREZ-ESTOLANO: Yes.

1 MS. REED: Mr. Henning.

2 MR HENNING: Yes.

3 MS. REED: Mr. Frank.

4 MR. FRANK: Yes.

5 MS. REED: Chairman Richard.

6 CHAIRMAN RICHARD: Yes. Thank you very  
7 much.

8 The next item is an item on the approval of  
9 agreements with the utility companies for relocation,  
10 because I have had both past and some continuing  
11 relationship with the Pacific Gas and Electric Company,  
12 I'm going to recuse myself from deliberation and  
13 discussion of this and ask Mr. Hartnett to, to manage  
14 this item.

15 MS. SCHENK: Mr. Chairman, I, too, will be  
16 recusing myself because I believe that my retirement has  
17 some AT&T stock in it.

18 MS. PEREZ-ESTOLANO: And also, my firm is  
19 working with UC Berkley and with PG&E, and so I'll  
20 recuse myself as well.

21 MR. HENNING: Who is left?

22 MR. HARTNETT: Thank you, rest of the Board,  
23 for staying with us, and that brings us to our chief  
24 counsel, Tom Fellenz, to introduce this topic.

25 MR. FELLEENZ: Vice-Chair Hartnett, I'll wait

1 for the Board members to leave the room, and then I'll  
2 start the presentation.

3 MR. HARTNETT: If you speak quietly, they  
4 won't be able to hear you.

5 MR. FELLEENZ: Vice-Chair Hartnett and  
6 members of the Board, this next item we're asking for  
7 approval has to do with the agreements for the utility  
8 companies, as you're aware. We've constructed package  
9 1. It's an urban area. There are a lot of conflicts  
10 with utilities that our project will be involved in. A  
11 lot of those utilities must be relocated, rearranged,  
12 and what we have done is we have reached out over the  
13 last couple of years to these utility companies and  
14 worked out the beginnings of cooperative agreements to  
15 set forth the parameters, the risk allocation and those  
16 sort of contract firms but not moving ahead with any  
17 particular agreement with any of them except the design  
18 builder. The design builder is going to relocate all of  
19 the utilities except for the utilities for two  
20 companies, because they have asked for the opportunity  
21 and the option to move and relocate the utilities  
22 themselves, and those two companies are AT&T and PG&E.  
23 Just to give you a perspective, I have some  
24 numbers in there on the cost estimates for the  
25 relocation for the utilities for these two companies.

1 The total utility relocation estimate for CP 1 is a  
2 hundred and ninety five million, through the area of CP  
3 1 is a hundred and ninety five million, and we believe  
4 that about eighty six million be will be the cost in CP  
5 1 with the Tutor Perini group. There's about \$40  
6 million of utility relocatio cost that Caltrans will be  
7 engaged with, and they will do that work. The  
8 Caltrain's contractor and Tutor Perini will do all of  
9 that work.

10 So what remains is AT&T and PG&E, and they each  
11 have a significant amount of utility relocation, about  
12 ten percent of the total utility relocation will involve  
13 AT&T facilities, about 25 percent of the total  
14 relocation with the CP 1 arena is about 25 percent is  
15 with PG&E.

16 As I mentioned, we have entered into some  
17 cooperative agreements with these utility companies, and  
18 we're asking for here is approval to have the CEO or his  
19 designee enter into a series of agreements with both  
20 AT&T and PG&E for the actual work to be done to relocate  
21 these utilities. Some of these agreements will have --  
22 will involve different facilities and will have  
23 different durations of time, we estimate to be from one  
24 to five years. So the types of utilities that will be  
25 relocated are gas lines and electricity distribution



1 systems owned by PG&E and fiber cable and buried cable  
2 by -- that is owned the AT&T company. The agreements  
3 would be managed by the Authority's supervisor of  
4 Transportation engineer in conjunction with the  
5 Authority CP 1 contract manager. All of the funding for  
6 these agreements is included in the cost estimates for  
7 the revised business plan and for cost estimates in the  
8 Central Valley for the initial construction section.

9 So the staff recommends that this Board approve  
10 the two resolutions that are attached, which would allow  
11 the CEO to enter into a number of agreements with both  
12 these companies. The first resolution asks for approval  
13 of the amount of \$18,412,133 and that work is for the  
14 AT&T work, and then the larger amount the \$50,433,506  
15 estimate is for the work to be done directly by PG&E.

16 I can answer any questions that you might have.  
17 We do have a cost breakdown as well the breakdown of the  
18 cost that I just mentioned the totals for. Some of it  
19 is for planning specification and estimate, some is for  
20 the construction work itself and also coordination of  
21 the budget involved. These are budgets. These are  
22 spending up to. We'll be paying for these costs  
23 directly in these task orders that we could issue.

24 MR. HARTNETT: Thank you, Mr. Fellenz.

25 Board members, any questions?

1 MR. RICHARDS: Thank you, Mr. Vice-Chair.

2 Mr. Fellenz, I mean, this is, in my experience,  
3 this is a reasonably common approach to dealing with the  
4 utility relocation in California. What I was just --  
5 what I don't know that we have any alternative. Is  
6 there?

7 MR. FELLEENZ: We don't. The utilities own  
8 their own facilities. And we have the option -- we  
9 negotiate with them. They are there. We can have -- we  
10 have the ability to go through some eminent domain  
11 process to go -- to have the utilities relocated but we  
12 have gone with an approach that's worked in cooperation  
13 entering these cooperative agreements. These two  
14 companies prefer to move their own facilities. They  
15 have reasons for doing so. Many of them are large  
16 complex facilities. They service a large group of the  
17 population, and they want to have control of that  
18 themselves, and they have the scale equipment and the  
19 know-how to do it themselves, and that's what they  
20 prefer. And we have cost estimates here that we think  
21 are reasonable. We have been working with them, going  
22 back and forth about what the cost should be, and it  
23 will be tied-in material type of arrangement in with  
24 that.

25 MR. RICHARDS: Well, I would think that we

1 would be well served to let them relocate their own  
2 facilities, and if there is no other comment, I move.

3 MR. HARTNETT: We can take the resolution  
4 separately and first move approval of 1322 related to  
5 AT&T. Do we have a second?

6 MR. FRANK: Second.

7 MR. HARTNETT: Moved and seconded.

8 If we could have a rollcall, please.

9 MS. REED: Vice-Chair Richards.

10 MR. RICHARDS: Yes.

11 MS. REED: Vice-Chair Mr. Hartnett.

12 MR. HARTNETT: Yes.

13 MS. REED: Mr. Rossi.

14 MR. ROSSI: Yes.

15 MS. REED: Mr. Henning.

16 MR. HENNING: Yes.

17 MS. REED: Mr. Frank.

18 MR. FRANK: Yes.

19 MR. HARTNETT: Is that everybody?

20 Okay. And so, Vice-Chair Richards, did you move  
21 also 1323?

22 MR. RICHARDS: Yes, I did.

23 MR. HARTNETT: Thank you. Do we have a  
24 second?

25 MR. FRANK: SECOND.

1 MR. HARTNETT: Same second.

2 Rollcall, please.

3 MS. REED: Vice-Chair Richards.

4 MR. RICHARDS: Yes.

5 MS. REED: Vice-Chair Hartnett.

6 MR. HARTNETT: Yes.

7 MS. REED: Mr. Rossi.

8 MR. ROSSI: Yes.

9 MS. REED: Mr. Henning.

10 MR. HENNING: Yes.

11 MS. REED: Mr. Frank.

12 MR. FRANK: Yes.

13 MR. HARTNETT: Great. Thank you. Both  
14 passed unanimously.

15 If someone can retrieve our Chair. Oh, they're  
16 coming in.

17 MR. FELLEENZ: Thank you.

18 MR. HARTNETT: Thank you, Mr. Fellenz.

19 As the other board members are approaching  
20 with -- the other item is the request for qualification  
21 on the Pacific contracts, and this one will be presented  
22 by Frank Vacca, our chief program engineer, and -- with  
23 the support from Karen Greene-Ross, our assistant chief  
24 counsel.

25 Welcome back, Mr. Chair and Board members.

1           MR. MORALES: Mr. Chair, if I could, this  
2 item is -- when we talked about the progress that this  
3 program has made and is another important step forward.  
4 Union Pacific will be a very important partner with us  
5 moving forward in this program and these agreements  
6 represent a real step forward in our relationship with  
7 them. We can clear the way and move ahead with first  
8 construction package.

9           CHAIRMAN RICHARD: Great.

10          MR. MORALES: I want to commend Karen and  
11 Frank for the great work they have done in getting us to  
12 this point.

13          CHAIRMAN RICHARD: Great. Thank you.  
14          Mr. Vacca.

15          MR. VACCA: Good afternoon, Mr. Chairman and  
16 members of the Board. Our first construction package is  
17 about to start, design contract, and it runs from Madera  
18 Acres through the City of Fresno. It's 29 miles. It's  
19 primarily adjacent to the Union Pacific Railroad, and  
20 throughout that 29 miles, we go over and go under and we  
21 go directly adjacent, and it's with their cooperation  
22 that we need to have in order for this construction to  
23 be successful.

24          The agreements will allow us to have access to  
25 their land for environmental and construction risk

1     assessment, will allow our contract to have access  
2     during construction, will allow us to have joint benefit  
3     projects such as intrusion barrier, which I'll discuss a  
4     little bit further, and will provide for a safe  
5     operation during construction phase of the UP and after  
6     construction of the UP.

7             We have been before the board last year on two  
8     previous agreements with UP, an MOU and the  
9     environmental agreement, and those are the basis of  
10    which these agreements were negotiated. In particular,  
11    with the engineering and construction maintenance  
12    agreement has a number of critical items. One, is that  
13    anywhere along the right-of-way where we are within  
14    tracks are within a hundred and two feet of the property  
15    line, we have agreed to construct intrusion barriers.  
16    Those barriers are for the protection of our trains, to  
17    ensure that they protect the freight operation and  
18    ensure that our trains won't interfere with them, and  
19    that is the major portion of this agreement.

20            We also have agreed that we will utilize a UP  
21    design standard in conjunction with the high-speed rail  
22    standards and the industry standards, American Railroad  
23    Engineering Maintenance Association, standards  
24    integrated to ensure that the design on what we build  
25    adjacent to the railroad meets all of our criterion for

1 safe operation. The agreement allows for flagging  
2 protection provided for contractors going into the  
3 construction phase and will allow for the Union Pacific  
4 to do the work on their facilities, being the temporary  
5 relocation of the tracks or signals or permanent, with  
6 their forces on their property.

7 We will be coming to the Authority in the future  
8 for purchase and sales agreement that are directly  
9 related to any parcels that the Authority will need  
10 permanently or temporary in order for air right  
11 agreements for the overpass that will be constructed in  
12 that area.

13 Also, in conjunction with the engineering  
14 construction maintenance agreement, there will be an  
15 indemnity and insurance requirement terms that have been  
16 negotiated. The I and I terms are based on existing  
17 state and Federal laws, including the Amtrak Act, which  
18 specifically addresses commercial passenger liability.  
19 The Amtrak Act imposes a statutory liability cap of two  
20 hundred million on aggregate damages on signaling.

21 The Authority will be responsible for losses in  
22 excess of negotiated policy on the coverage  
23 prescriptions; however, that additional risk exposure  
24 will be mitigated through high-speed rail ensuring  
25 options such as passenger rail, so we feel that all the

1 requirements are in place to protect both UP and the  
2 Authority.

3 We request that the -- that this be approved,  
4 that this resolution delegate to the Chief Executive  
5 Officer the authority to execute construction  
6 engineering as related to I and I agreements with the  
7 Union Pacific. These will be set up in five  
8 reimbursement for payment of all actually eligible cost  
9 incurred by the UP Railroad in an amount not to exceed  
10 \$39,400,000. These funds are for the actual cost  
11 incurred for flagging, construction, construction  
12 materials related to the infrastructure of UP Railroad.

13 And I'm prepared to answer questions at this  
14 time.

15 CHAIRMAN RICHARD: Questions?

16 Vice-Chair Hartnett.

17 MR. HARTNETT: Yes. It's really a comment.  
18 This relates to both -- to this item and our prior item.  
19 These are conceptual agreements and the details of the  
20 agreements on these items are very detailed and they're  
21 not necessarily easy to accomplish, and I know our CEO  
22 has spent substantial time in connection with these  
23 matters and -- as well as have other senior staff. I  
24 think these items reflect not only that these are  
25 necessary things for us to do as we proceed forward with



1   our construction package and our implementation of  
2   high-speed rail, but they also reflect the continuing  
3   maturation of our organization. I think it's important  
4   to note the difference between this organization as it  
5   is now and as it once was when it was -- when high-speed  
6   rail was in the -- in the eye of the beholder rather  
7   than something that was actually going to be in the  
8   ground. And this reflects really the transformation of  
9   our organization under the leadership of the CEO.

10           So I just want to recognize the importance of the  
11   CEO and our staff in not just the construction packages,  
12   which we have talked about extensively, but in these  
13   kind of matters which are so important to the success of  
14   our ability to perform overall and to perform  
15   specifically in the areas where these contacts apply.  
16   So I just want to express my appreciation for the CEO  
17   and for the rest of the staff of getting us to this  
18   stage of performance.

19           CHAIRMAN RICHARD: Thank you. I think we  
20   all share in those comments.

21           Mr. Morales, you wanted to make one point about  
22   this.

23           MR. MORALES: Briefly. First off, on behalf  
24   of the staff, I'll accept Mr. Hartnett's comments  
25   certainly and, in turn, pass them along to the staff,

1     who has worked on this.

2             A couple quick comments on this. One, these  
3     agreements have been arrived at with the concurrence and  
4     in view of the Federal Railroad Administration, and it's  
5     important to know that's in part to ensure consistency  
6     with national package and what's done in other states.

7             Secondly, part of the importance of this  
8     agreement, following Mr. Hartnett's comments, not only  
9     is it important for us to move forward to be able to  
10    build efficiently and ultimately operate efficiently,  
11    but obviously, make sure that freight rail network  
12    continues to operate as well. So the agreement is  
13    really intended to protect both sides of the equation.

14            And then third, as part of this agreement, not  
15    only the agreement but it was part of our discussion of  
16    a long way toward improving our ongoing relationships  
17    with the UP, we know that formal interaction of project  
18    level allowed for the day-to-day, sort of, communication  
19    and coordination that we need that as well as our  
20    initiating with quarterly senior management meetings to  
21    ensure that we continue to move forward in the spirit of  
22    partnership that has gotten us to this point. It is an  
23    important turning point.

24                   CHAIRMAN RICHARD: Very good.

25                   Other questions?

1 Ms. Perez-Estolano?

2 MS. PEREZ-ESTOLANO: Yes. I have a simple  
3 question, and I apologize, but I'm curious and I don't  
4 mean to take away, but I think it's phenomenal how much  
5 success we have made. Is this hundred and two feet an  
6 industry standard? I mean, I just kind of glanced  
7 during the presentation. I know Frank has done that.  
8 So is that just an industry standard that UP -- I'm  
9 assuming -- it comes from?

10 MR. VACCA: We are the first high-speed rail  
11 program in the country, so there is no standard, and we  
12 have done engineering analysis between them and with the  
13 help of John Tapping from the risk assessment analysis  
14 of possible scenarios of what the right distance should  
15 be, and we work with the UP, and we worked with the BNSF  
16 and ourselves and our program management team, Parsons  
17 Brinkerhoff, to come up with what we consider to be an  
18 appropriate distance, also reviewed and approved by the  
19 FRA for safety. So it's going to become an industry  
20 standard based on the fact that we're out of the barn  
21 first.

22 MS. PEREZ-ESTOLANO: Well, I appreciate  
23 that, because I really didn't know where that came from,  
24 and I was trying to recall my transportation and  
25 planning days, and that's very helpful, because I think

1 the question of how the systems operate in a kind of  
2 collaborative fashion is really important for everyone  
3 to understand that we are working on the front end to  
4 make sure that these systems are safe, they operate,  
5 that we are doing what we need to do in our planning and  
6 engineering phase to protect everybody's interest, but I  
7 really do appreciate our team working with the railroad  
8 folks and making sure that everybody's interest and  
9 safety is considered.

10 CHAIRMAN RICHARD: Thank you.

11 Other questions?

12 I think we're going to take action on this.

13 MR. HARTNETT: Move approval.

14 CHAIRMAN RICHARD: Okay.

15 MS. PEREZ-ESTOLANO: Second.

16 CHAIRMAN RICHARD: It's been moved by  
17 Vice-Chair Hartnett, seconded by Ms. Perez-Estolano.

18 Please call the roll.

19 MS. REED: Vice-Chair Richards.

20 MR. RICHARDS: Yes.

21 MS. REED: Vice-Chair Hartnett.

22 MR. HARTNETT: Yes.

23 MS. REED: Mr. Rossi.

24 MR. ROSSI: Yes.

25 MS. REED: Ms. Schenk.

1 MS. SCHENK: Yes.

2 MS. REED: Ms. Perez-Estolano.

3 MS. PEREZ-ESTOLANO: Yes.

4 MS. REED: Mr. Henning.

5 MR. HENNING: Yes.

6 MS. REED: Mr. Frank.

7 MR. FRANK: Yes.

8 MS. REED: Chairman Richard.

9 CHAIRMAN RICHARD: Yes. Okay. Thank you  
10 very much, and I think Mr. Hartnett expressed the  
11 combined appreciation of the Board members for the  
12 excellent work here so -- and I also -- I'm sure they're  
13 listening -- we want to thank the Union Pacific Railroad  
14 Company for working with us.

15 So thanks very much, Mr. Vacca.

16 All right. So next we'll call on, Mr. Vacca.

17 MR. VACCA: Well, thank you again. I have  
18 the pleasure today to introduce the request for  
19 delegation for Mr. Morales to enter into MOU with Amtrak  
20 and to issue a joint request proposal for trainsets. As  
21 you heard in public comment that the Authority and  
22 Amtrak have been working over the last eight to ten  
23 months to ascertain whether a joint procurement might  
24 benefit both of our organizations and benefit the  
25 industry in general. There are no North American

1 manufacturers of high-speed rail equipment, and as such,  
2 the market for these trainsets is in European and Asian  
3 markets. The joint procurement will do a number of  
4 items for both the Authority and for Amtrak including  
5 increasing the number of order -- of the trains ordered  
6 giving us some very competitive costs on that element.  
7 Two, it helps the manufacturers, in terms of increasing  
8 the order size, to comply with the Federal requirement,  
9 Buy America, which will be quite extensive because it  
10 will require a technology transfer to the US, and it  
11 will take a period of time for that manufacturer, the  
12 successful manufacturer, to do that technology transfer.  
13 So there are significant benefits to the joint  
14 procurement of this first-time North American high-speed  
15 train procurement.

16 The RFP with -- would be a best value procurement  
17 for the design appropriate for both of our systems. We  
18 will have a common specification, and we'll have the  
19 ability to specify individual components or requirements  
20 that even some of our systems might have the need for so  
21 that will serve both of our needs concurrently. The  
22 Authority's initial request would be for the trains  
23 required by initial operating segment of twenty --  
24 approximately, today's business -- 2012 business plan.  
25 By going out with this RFP in a timely manner, as I will

1 outline, will allow us to meet our 2022 time requirement  
2 for this phase of our initial operating segment.

3 We are going to be requesting a number of options  
4 and delivery opportunities for these trainsets ranging  
5 from just plain capital cost purchase of the trainset to  
6 the capital cost plus maintenance to an availability  
7 payment requirement, which would help us have a thirty  
8 year provided for the trainsets, the heavy maintenance  
9 facilities, and the maintenance period of time. Staff  
10 will evaluate the options, will evaluate the proposals,  
11 and come back to the Board for a recommendation on which  
12 delivery option might be best for California and the  
13 Authority.

14 The time constraints, the time around this RFP  
15 will be to issue an Request for Proposal this fall.  
16 Proposal is due next winter, February/January timeframe.  
17 NCP scheduled for next summer. Delivery of the first  
18 trainsets will be for Amtrak, and then the Authority's  
19 will be behind that one with options for second and  
20 third delivery options for Amtrak and the Authority.

21 So we request -- there are no capital commitments  
22 at this time for the approval of this item. This is  
23 simply a request for the RFP. We will come back to the  
24 Board with recommendations and any dollars associated  
25 with this proposal. So it's recommended that the Board

1 authorize CEO Morales enter into a Memorandum of  
2 Understanding with Amtrak consistent with this action  
3 and direct staff issue a Request for Proposal, join up  
4 with Amtrak for the procurement of trainsets for phase  
5 one of the high-speed rail system.

6 MR. ROSSI: Move approval.

7 CHAIRMAN RICHARD: Thank you, Mr. Vacca.

8 Okay. Moved by Mr. Rossi.

9 MR. RICHARDS: Second.

10 CHAIRMAN RICHARD: Seconded by Vice-Chair  
11 Richards.

12 Please call the roll.

13 MS. REED: Vice-Chair Richards.

14 MR. RICHARDS: Yes.

15 MS. REED: Vice-Chair Hartnett.

16 MS. REED: Mr. Rossi.

17 MR. ROSSI: Yes.

18 MS. REED: Ms. Schenk.

19 MS. SCHENK: Yes.

20 MS. REED: Mr. Perez-Estolano.

21 MS. PEREZ-ESTOLANO: Yes.

22 MS. REED: Mr. Henning.

23 MR. HENNING: Yes.

24 MS. REED: Mr. Frank.

25 MR. FRANK: Yes.



1 MS. REED: Chairman Richard.

2 CHAIRMAN RICHARD: Yes.

3 Very good. Okay. Our last item -- we do have  
4 one small thing after this is done -- but our last item  
5 on the agenda is an attempt related to exempt employee  
6 pay.

7 Mr. Fellenz.

8 MR. FELLEENZ: Thank you, Chairman Richard  
9 and Board members. This next item is related to the CEO  
10 compensation. As you recall in June of 2012, the Board  
11 appointed Jeff Morales as the CEO and established his  
12 yearly compensation. I've attached that resolution just  
13 for your reference, and the Board, by statute, appoints  
14 the Executive Director, or CEO, who is exempt from civil  
15 service. Employees who are exempt from civil service  
16 are the -- a number of executive staff level in the  
17 State civil service system, and they have certain  
18 rights, like, for example, they are at-will employees as  
19 opposed to being represented by a bargaining unit. But  
20 they are in a separate classification that's governed by  
21 statute and also managed by the State Department of  
22 Human Resources, who manages all the employment issues  
23 for the State.

24 And just recently, in the middle of June, the  
25 Department of Human Resources has put out a program --

1     exempt paid program memorandum and increased the salary  
2     for exempt employees by three percent, retroactive to  
3     July 1st, 2013. So staff has put together this agenda  
4     item for your consideration, and recommends that you  
5     consider whether it's appropriate to give Chief  
6     Executive Officer a retroactive three percent increase  
7     in salary to July 1st, 2013, and I can answer any  
8     questions you have.

9             CHAIRMAN RICHARD: Okay. Just to make sure  
10     we're clear on this, let me -- my understanding is that  
11     basically, as an exempt employee of the State, that's  
12     basically already happened, and what we're doing here is  
13     harmonizing our employment policies within the State  
14     policies; is that correct?

15            MR. FELLEENZ: Correct. Correct.

16            CHAIRMAN RICHARD: That's right.

17            MR. FELLEENZ: But you, being a board, that  
18     establishes the compensation for the CEO, I thought it  
19     was appropriate and proper for you to --

20            CHAIRMAN RICHARD: The State has determined  
21     that this is going to apply to all exempt employees, and  
22     it's our decision now whether to basically harmonize our  
23     practices with that?

24            MR. FELLEENZ: Correct.

25            CHAIRMAN RICHARD: Okay. Questions of Board

1 members?

2 MR. FRANK: I'm just curious, is our CEO  
3 position the only authorized staff position for the  
4 position of exemption?

5 MR. FELLEENZ: No. There are a number of  
6 exempt positions within the High-Speed Rail Authority.  
7 I believe it's around ten. There are ten position, but  
8 the CEO is the only position that's appointed by the  
9 Board directly. Other exempt positions would be  
10 appointments from the Governor's office. For example,  
11 I'm an exempt employee.

12 MR. FRANK: And do we have to take action on  
13 that, or do they automatically apply the same three  
14 percent?

15 MR. FELLEENZ: You don't have to take action  
16 on that, and the reason that it's before this Board is  
17 because this Board, specifically by statute, establishes  
18 the compensation for the CEO only. So I'm bringing this  
19 to the Board for your consideration as to whether this  
20 Board will approve that same three percent adjustment in  
21 salary.

22 MR. FRANK: Thank you for that.

23 CHAIRMAN RICHARD: Thank you. Any other  
24 questions?

25 Just before we move it, I just want to say, since

1 he's out of the room, I think our CEO has done a  
2 marvelous job. I mean, he has built up this  
3 organization. He has moved the process through -- we  
4 have basically moved from the planning phase to the  
5 approval phase, and now, as we heard today, we're in the  
6 construction phase of the high-speed rail. He has done  
7 a marvelous job of attracting the top talent to come  
8 work for the organization. I just think he's done some  
9 really great things. And so we'll find the appropriate  
10 way to tell them that, and, of course, we'll be  
11 reviewing his work from time to time. So --

12 MS. SCHENK: You speak for all of us.

13 CHAIRMAN RICHARD: Thank you.

14 MS. SCHENK: And I'll move.

15 CHAIRMAN RICHARD: Okay. Ms. Schenk moved  
16 this, and it was seconded by Mr. Rossi.

17 Please call the roll.

18 MS. REED: Vice-Chair Richard.

19 MR. RICHARD: Yes.

20 MS. REED: Vice-Chair Hartnett.

21 MR. HARTNETT: Yes.

22 MS. REED: Mr. Rossi.

23 MR. ROSSI: Yes.

24 MS. REED: Ms. Schenk.

25 MS. SCHENK: Yes.

1 MS. REED: Ms. Perez-Estolano.

2 MS. PEREZ-ESTOLANO: Yes.

3 MS. REED: Mr. Henning.

4 MR. HENNING: Yes.

5 MS. REED: Mr. Frank.

6 MR. FRANK: Yes.

7 MS. REED: Chairman Richard.

8 CHAIRMAN RICHARD: Yes.

9 While that concludes our formal agenda, I just  
10 have one other item that I wanted to raise at today's  
11 meeting, and it will just take a moment. One of the  
12 things that has been discussed from time to time, and it  
13 arose today, is the role of high-speed rail as a tool  
14 for helping the State achieve goals of sustainability of  
15 land use integration with other transportation. This is  
16 something that we take very, very seriously. There's an  
17 opportunity here, if we build this system in the right  
18 way, to really help shape the growth of our state,  
19 because we accommodate ten, fifteen million Californians  
20 over the next however many years, and a number of people  
21 have taken note of the fact that high-speed rail could  
22 be a very important tool for this.

23 Most recently, I mentioned this earlier, this  
24 study that came out of UC Davis and UCLA law schools,  
25 and it exhorts to do the right thing with high-speed

1 rail, to work with communities in the Central Valley, to  
2 help them with planning, to really help bring resources  
3 together so that as we come into these cities,  
4 particularly cities like Fresno, like Palmdale, like  
5 Bakersfield, there's an opportunity, and we have  
6 visionary mayors and leaders in each of those cities and  
7 other cities who see high-speed rail as an opportunity to  
8 redevelop and rework their downtown.

9         So congratulations to Fresno on the receipt of a  
10 \$16 million TIGER grant Secretary Fox was out there to  
11 deliver the other day. Mr. Morales, I think you were  
12 there. And it's very exciting what's happening in some  
13 of these communities as visionary leaders look at how  
14 they can use high-speed rail to help build and rebuild  
15 the core downtowns, which themselves can be a tool for  
16 meeting the planning requirements of Senate Bill 375 and  
17 Assembly Bill 72, which require us to reduce our  
18 greenhouse gas emission and to do a better job of  
19 integrating transportation and land use. So I think it  
20 makes sense for this Board to demonstrate that we have a  
21 very strong focus and interest in that.

22         And so what I'm doing today is creating an  
23 advisory committee of the Board on Transportation and  
24 Land Use. We're blessed on this Board to have subject  
25 matter experts in so many areas, whether it's the

1 finance and risk management, Mr. Rossi, or in law and  
2 local government, Mr. Hartnett, in the history that Lynn  
3 Schenk brings to this, and in the business acumen of Tom  
4 Richards and so forth, but we have two subject matter  
5 experts on our Board now. One is Katherine  
6 Perez-Estolano, who has devoted most of her professional  
7 life to the area of transportation land use planning.  
8 Has not only been a teacher and instructor professor of  
9 that but a deputy mayor as well as somebody who worked  
10 in the private sector. We now have Rick, who has joined  
11 us, Rick Frank, who has joined us who, his professional  
12 discipline is in environmental planning and environment  
13 analysis, and this transportation land use area is right  
14 in the sweet spot.

15           So we're very interested in this, and what I'd  
16 ask this advisory committee to do is to advise the Board  
17 on the policies that we should be adopting to encourage  
18 the use of the high-speed rail program to promote  
19 sustainability and the achievement of the State's goals  
20 for greenhouse gas reduction both through the SB 376 and  
21 AB 32 and our air resources board sub-plans for how we  
22 meet this challenge as well as to work with local  
23 communities and stakeholder groups.

24           This is a tremendous opportunity that we look  
25 forward to planning for the future of our State, and so

1 we're going to take this step, and I think it's an  
2 exciting one to show how much potential high-speed rail  
3 has beyond just moving people but in shaping the way we  
4 live as we accommodate growth.

5           So I'm allowed to do that as Board Chair --  
6 create advisory committees and name them -- and  
7 Mr. Fellenz is nodding. That's always good when I talk  
8 about what I'm allowed to do. So I just wanted to cap  
9 off today's discussion with that, and Katherine and  
10 Rick, I appreciate your willingness to spend even more  
11 hours digging into this, so thank you very much.

12           And with that and with no other items before us,  
13 we thank everybody for coming, and we adjourn this  
14 meeting. Thank you.

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16           (Whereupon the meeting adjourned at 12:59 p.m.)

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1 I, Brittany Flores, a Certified Shorthand  
2 Reporter of the State of California, duly authorized to  
3 administer oaths, do hereby certify:

4 That the foregoing proceedings were taken before  
5 me at the time and place herein set forth; that any  
6 witnesses in the foregoing proceedings, prior to  
7 testifying, were duly sworn; that a record of the  
8 proceedings was made by me using machine shorthand which  
9 was thereafter transcribed under my direction; that the  
10 foregoing transcript is a true record of the testimony  
11 given.

12 Further, that if the foregoing pertains to the  
13 original transcript of a deposition in a Federal Case,  
14 before completion of the proceedings, review of the  
15 transcript ( ) was ( ) was not requested.

16 I further certify I am neither financially  
17 interested in the action nor a relative or employee of  
18 any attorney of party to this action.

19 IN WITNESS WHEREOF, I have this date subscribed  
20 my name.

21 Dated:

22 \_\_\_\_\_  
23

24 Brittany Flores CSR 13460  
25